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FINANCIAL REPORT

CITY OF AMORY

Amory, Mississippi

September 30, 2004

CITY OF AMORY, MISSISSIPPI

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INDEPENDENT AUDITOR'S REPORT

Mayor and Board of Aldermen
City of Amory
Amory, Mississippi 38821

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Amory, Mississippi, as of and for the year ended September 30, 2004, which collectively comprise the City of Amory's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Amory, Mississippi's management. Our responsibility is to express an opinion of these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The City of Amory - Electric Department's financial year ends on June 30, as required by regulatory bodies, and, therefore, all statements and information relating to the Electric Department in this report are for the fiscal year beginning July 1, 2003 and ending June 30, 2004.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Amory, Mississippi at September 30, 2004, and the respective changes in financial position and the cash flows, where appropriate, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management discussion and analysis on pages 5 through 13 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries to management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In connection with our examination, nothing came to our attention that caused us to believe that the municipality is not in compliance with the requirements of the State Department of Audit, as set forth in the Municipal Compliance Questionnaire, except for noncompliance with fixed asset record keeping requirements.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of City of Amory, Mississippi, taken as a whole. The combining and individual fund financial statements and schedules and other supplemental information, listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Amory, Mississippi. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 24, 2005, on our consideration of the City of Amory, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Franks, Franks & Jarrell, P.A.

FRANKS, FRANKS & JARRELL, P.A.

February 24, 2005

CITY OF AMORY, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Supplemental Information for the Year ended September 30, 2004

This section of the City of Amory's Financial Report presents our discussion and analysis of the City's financial performance during the fiscal year ending September 30, 2004. Please read it in conjunction with the City of Amory financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City has adopted the provisions of Governmental Auditing Standards Board Statement No. 34.
- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$27,511,214. Of this amount, \$10,421,274 may be used to meet the City of Amory ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Amory governmental funds reported combined ending fund balances of \$4,263,939, an increase of \$497,900 in comparison to the prior year. Approximately 79% of the combined fund balances, \$3,371,313 is considered unreserved and is available for spending at the City of Amory discretion.
- The City of Amory's total debt is \$3,607,857. Debt in the amount of \$100,021 was issued in the current fiscal year, of which \$100,021 was issued for governmental fund capital assets.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the City of Amory.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City of Amory's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City of Amory's operations in more detail than the government-wide statements.

The Governmental Funds statements tell how general government services such as public safety were financed in the short term as well as what remains for future spending. The City of Amory has four Governmental Fund types: the General, Special Revenue, Debt Service and Capital Projects.

Proprietary fund statements offer short- and long-term financial information about the activities the government operates in a similar manner as businesses, and include the Electric, Water & Sewer, and Solid Waste funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds, each of which are added together and presented in single columns in the basic financial statements.

CITY OF AMORY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-1 summarizes the major features of the City of Amory's financial statements, including the portion of the City of Amory they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1
Major Features of the City of Amory's Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City Government (except fiduciary funds) and the City's component units.	The activities of the city that are not proprietary or fiduciary, such as police, fire, and parks and recreation	Activities the city operates similar to private businesses: Electric Department, Water & Sewer, and Solid Waste.
Required financial statements	Statement of Net assets; statement of activities	Balance Sheet; Statement of revenues, expenditures, and changes in Fund balances	Statement of Net assets; statement of revenues, Expenses, and Changes in Net assets' statement of Net cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

CITY OF AMORY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Statements

The government-wide statements report information about the City of Amory as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City of Amory's net assets and how they have changed. Net assets—the difference between the City of Amory's assets and liabilities—is one way to measure the City of Amory's financial health, or position.

- Over time, increases or decreases in the city of Amory's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City of Amory, the reader should consider additional non-financial factors such as changes in the City of Amory's property tax base.
- *Governmental activities* –Most of the City of Amory's basic services are included here, such as the police, fire, public works, and parks and recreation departments, and general administration. Property taxes, sales and use taxes, and state and federal grants finance most of these activities.
- *Business-type activities* – The City of Amory charges fees to customers to help it cover the costs of certain services it provides. The City of Amory's garbage pickup, water and sewer systems and electric department services are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the City of Amory's most significant funds—not the City as a whole. The "fund" level is where the basic unit of financial organization and operation within the City of Amory exists. Funds are accounting tools that are used to keep track of specific sources of funding and spending for particular purposes. They are the basic budgetary and accounting entities.

- Some funds are required by State law and by bond covenants.
- The Board of Alderman establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

CITY OF AMORY, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Amory has two kinds of funds:

- **Governmental funds**—most of the City of Amory's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the City of Amory's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them. The measurement focus of governmental funds is upon determination of financial position and changes in financial position (sources, uses, and balance of financial resources) rather than upon net income determination. These funds are maintained on a modified accrual basis of accounting (explained further in the notes to the financial statements under "Summary of significant Accounting Policies"). The basic financial statements for governmental funds are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance. The City of Amory utilizes four types of governmental funds: the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.
- **Proprietary funds**—Services for which the City of Amory charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. The City has only one type of proprietary funds—enterprise funds. The City of Amory's enterprise funds are the same as its business-type activities yet provide more detail and additional information, such as cash flows. The measurement focus of proprietary funds is upon determination of net income, financial position and change in financial position. These funds are maintained on the accrual basis of accounting. The Balance Sheet, Statement of Revenues, Expenses and Changes in Retained Earnings, and Statement of Cash Flows are all required statements.

Government-wide Financial Analysis

While Government Accounting Standards Board (GASB) Statement No. 34 requires the comparison of current and prior year government wide financial information in Management's Discussion and Analysis, it may be omitted in the first year of implementing the standard because the prior-year information is unavailable. In future years, a comparative analysis of government-wide data will be presented. Therefore, Tables A-1 through A-4 list only current year information.

Net assets may serve over time as a useful indicator of a government's financial position. The City of Amory's assets exceeded liabilities by \$27,511,214 at the close of the most recent fiscal year.

CITY OF AMORY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

A large portion, 61%, of the City's net assets reflects its investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; however, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table A-1

City of Amory's Net Assets (000's Omitted)

	Governmental Activities	Business-Type Activities	Total
Current and Other Assets	\$ 6,242	\$ 6,284	\$ 12,526
Capital Assets	9,674	10,747	20,421
Total Assets	15,916	17,031	32,947
Current and Other Liabilities	697	1,590	2,287
Long-Term Liabilities	2,879	270	3,149
Total Liabilities	3,576	1,860	5,436
Net Assets:			
Invested in Capital Assets, Net of Related Debt	6,343	10,374	16,717
Restricted	372	0	372
Unrestricted	5,625	4,797	10,422
Total Net Assets	\$ 12,340	\$ 15,171	\$ 27,511

An additional portion of the City's net assets represents resources that are subject to external restrictions on how they may be used. The \$5,624,725 of unrestricted net assets provide excess funds to meet the government's ongoing obligations to citizens and creditors.

CITY OF AMORY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Unrestricted net assets of our business-type activities were \$4,796,549 at the end of the current fiscal year. These resources cannot be used to add to the net asset surplus in governmental activities. The City of Amory generally can only use these net assets to finance the continuing operations of the business type activities.

Changes in net assets. Approximately 8.41 percent of the City of Amory's revenue comes from property taxes, with 24.08 percent of all revenue coming from some type of tax. (See Table A-2.) Another 69.15 percent comes from fees charged for services, and the balance is from operating and capital grants and contributions and investment earnings.

Table A-2 and the narrative that follows consider the operations of governmental and business-type activities separately.

Table A-2
Changes in The City of Amory's Net Assets

	Governmental Activities	Business-Type Activities	Total
Revenues			
Program Revenues:			
Charges for Services	\$ 213,634	\$ 10,877,534	\$ 11,091,168
Operating Grants & Contributions	9,000	0	9,000
Capital Grants & Contributions	386,561	0	386,561
General Revenues:			
Property Taxes	1,348,262	153	1,348,415
Other Taxes	2,514,097	0	2,514,097
Capital Grants Unrestricted	3,626	0	3,626
Investment Income	88,685	49,060	137,745
Other	549,282	2,070	551,352
Total Revenues	5,112,357	10,928,817	16,041,964
Expenses			
General Government	761,841	0	761,841
Public Safety	1,878,661	0	1,878,661
Public Works	872,828	0	872,828
Urban & Economic Development	38,480	0	38,480
Culture & Recreation	538,543	0	538,543
Debt Service	109,872	0	109,872
Water & Sewer	0	1,273,437	1,273,437
Electric	0	8,562,446	8,562,446
Solid Waste Management	0	696,300	696,300
Total Expenses	4,200,225	10,532,183	14,732,408
Excess of Revenue Over Expenses	912,922	396,634	1,309,556
Transfers	0	0	0
Increase in Net Assets	912,922	396,634	1,309,556
Net Assets—Beginning restated	11,427,531	14,774,127	26,201,658
Net Assets—Ending	\$ 12,340,453	\$ 15,170,761	\$ 27,511,214

CITY OF AMORY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

Governmental activities increased the City's net assets by \$912,922, thereby accounting for 69.7 percent of the total growth in the net assets of the City. Key elements of this increase are as follows:

The largest funding sources for the City's governmental activities, as a percent of total revenues, are other taxes (49%), property taxes (26%), and other grants & contributions (8%).

The largest expense categories for the City's governmental activities are public safety (45%) and public works (21%).

Business-type Activities

Business-type activities increased the City's net assets by \$396,634 accounting for less than a 30.3 percent of the growth in the City's net assets.

Charges for services are the major revenue categories for the enterprise funds. Total business-type revenues are comprised of \$1,273,437 for water, \$8,562,446 for electric, and \$696,300 for solid waste management.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds—The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

General Fund—The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$3,371,313, which comprised the total fund balance. As a measure of the general fund's liquidity, it may be useful to compare both the fund balance, reserved and unreserved, to total fund expenditures. Total fund balance represents 79% of total fund expenditures. The fund balance of the City's general fund increased by \$606,503 during the current fiscal year.

Capital Debt Service Fund—The capital debt service fund has a total fund balance of \$372,159, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the capital debt service fund was \$81,914.

Capital Projects Fund—The capital projects fund accounts for the construction and reconstruction of general public improvements, excluding projects related to business-type activities, which are accounted for elsewhere. At the end of the current fiscal year, the fund balance was \$0.

Special Revenue Fund—The special revenue fund is used to account for the programs and projects primarily funded by grants from the federal and state governments. At the end of the current fiscal year, the fund balance was \$520,467, which will be used for future expenditures.

CITY OF AMORY, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary Funds—The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net assets of the proprietary funds at the end of the current fiscal year totaled \$15,170,761. Changes in net assets, which totaled \$396,634, were as follows: the electric fund increased by \$226,909, the water & sewer fund increased by \$150,189, and the solid waste management fund increased by \$19,536.

Budgetary Highlights

The City's annual budget, which is prepared on an operating basis, includes estimated revenues and annual appropriations for the proprietary funds as well as the governmental funds.

The City's 2003-04 general fund operating budget decreased by approximately \$2,157,813 during the current fiscal year. This decrease was primarily related to a decrease in capital outlay for construction projects related to the Waterfront properties project.

The City's tax millage for the 2004 fiscal year decreased by 1.80 mills or 5%. This was made possible by budget cuts made by the City and state and federal grant funds that were received.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets—In accordance with GASB 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2004, amounted to \$20,290,604, net of accumulated depreciation of \$18,913,222. This investment in capital assets includes land, buildings, improvements other than buildings, machinery & equipment, infrastructure, and construction in progress.

Table A-3
City of Amory's Capital assets

	Governmental Activities	Business-Type Activities	Total
Land	\$ 766,361	\$ 148,828	\$ 915,189
Buildings	2,951,168	445,654	3,396,822
Improvements (other than buildings)	1,289,323	18,258,617	19,547,940
Machinery & Equipment	2,421,269	1,830,484	4,251,753
Infrastructure	10,749,665	0	10,749,665
Construction-in-progress	0	342,457	342,457
Accumulated Depreciation	(8,538,237)	(10,374,985)	(18,913,222)
Total	\$ 9,639,549	\$ 10,651,055	\$ 20,290,604

Long-term Debt—At year-end, the city had \$3,607,857 in bonds and notes outstanding. More detailed information about the city of Amory's long-term liabilities is presented in the notes to the financial statements.

CITY OF AMORY, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-4
City of Amory's Outstanding Debt

	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 1,530,000	\$ 0	\$ 1,530,000
CAP Loans	1,199,858	0	1,199,858
Promissory Notes	601,156	276,843	877,999
Total	\$ 3,331,014	\$ 276,843	\$ 3,607,857

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City considered current year operational expenses and estimated increases based on economic factors when establishing the fiscal year 2005 budget. The total budgeted appropriations for the City operations in the governmental activities is \$5,409,226. This budget reflects an increase of approximately \$50,000. The increase is primarily related to increased budget for public safety.

CONTACTING THE CITY OF AMORY FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City of Amory finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Amory's Finance Department, P.O. Drawer 457 Amory, MS 38821.

FINANCIAL STATEMENTS

CITY OF AMORY, MISSISSIPPI
STATEMENT OF NET ASSETS - GOVERNMENT-WIDE
September 30, 2004

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS:</u>			
Current Assets:			
Cash on Deposit	\$ 236,923	\$ 858,492	\$ 1,095,415
Money Market, CD's	3,996,411	3,750,849	7,747,260
Accounts Receivable	244,038	1,350,569	1,594,607
Other	8,881		8,881
Notes Receivable	1,223		1,223
Lease Payments Receivable	1,478,809		1,478,809
Due From Other Funds	48,173	96,159	144,332
Due From Other Governments	221,696		221,696
Accrued Interest	5,484		5,484
Prepaid Expenses		23,066	23,066
Inventories		197,878	197,878
Deferred Debits		7,777	7,777
TOTAL CURRENT ASSETS	6,241,638	6,284,790	12,526,428
Noncurrent Assets:			
Cash Invested - Reserved			
For Future Expansion		2,817	2,817
Notes Receivable		92,709	92,709
Bond Issue Costs	35,034		35,034
Capital Assets:			
Land	766,361	148,828	915,189
Leasehold Improvements	1,289,323		1,289,323
Plant, Buildings and Improvements	2,951,168	18,704,271	21,655,439
Machinery and Equipment	2,421,269	1,830,484	4,251,753
Infrastructure	10,749,665		10,749,665
Construction in Progress		342,457	342,457
Accumulated Depreciation	(8,538,237)	(10,374,985)	(18,913,222)
TOTAL NONCURRENT ASSETS	9,674,583	10,746,581	20,421,164
TOTAL ASSETS	\$ 15,916,221	\$ 17,031,371	\$ 32,947,592

CITY OF AMORY, MISSISSIPPI
STATEMENT OF NET ASSETS - GOVERNMENT-WIDE
September 30, 2004

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 161,124	\$ 1,025,720	\$ 1,186,844
Due to Other Funds	45,385	88,875	134,260
Due to Other Governments			
Due to Other Industries	3,453		3,453
Current Maturities of Long-Term Debt			
General Obligation Bonds	290,000		290,000
Notes Payable	162,340	100,748	263,088
Deferred Credits		16,523	16,523
Customer Deposits		321,845	321,845
Accrued Compensated Absences	34,792	36,247	71,039
TOTAL CURRENT LIABILITIES	697,094	1,589,958	2,287,052
Noncurrent Liabilities:			
Advances TVA - Home Insulation Loans		94,557	94,557
General Obligation Bonds, net of current maturities	1,240,000		1,240,000
Notes Payable, net of current maturities	1,638,674	176,095	1,814,769
TOTAL NONCURRENT LIABILITIES	2,878,674	270,652	3,149,326
TOTAL LIABILITIES	3,575,768	1,860,610	5,436,378
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	6,343,569	10,374,212	16,717,781
Restricted for:			
Debt Service	372,159		372,159
Capital Projects	-		-
Unrestricted	5,624,725	4,796,549	10,421,274
TOTAL NET ASSETS	\$ 12,340,453	\$ 15,170,761	\$ 27,511,214

See accompanying notes to financial statements.

CITY OF AMORY, MISSISSIPPI
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS - GOVERNMENT-WIDE
September 30, 2004

FUNCTIONS/ PROGRAMS	PROGRAM REVENUES					Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	PRIMARY GOVERNMENT		
						Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT								
Government Activities:								
General Government	\$ 761,841	\$	\$	\$ 2,500	\$ 2,500	\$ (759,341)	\$	\$ (759,341)
Public Safety	1,878,661	149,610	9,000	31,628	190,238	(1,688,423)		(1,688,423)
Public Works	872,828			352,433	352,433	(520,395)		(520,395)
Urban and Economic Development	38,480				-	(38,480)		(38,480)
Culture and Recreation	538,543	64,024			64,024	(474,519)		(474,519)
Debt Service	109,872				-	(109,872)		(109,872)
TOTAL GOVERNMENTAL ACTIVITIES	4,200,225	213,634	9,000	386,561	609,195	(3,591,030)	-	(3,591,030)
Business-Type Activities:								
Water and Sewer	1,273,437	1,393,559			1,393,559		120,122	120,122
Electric	8,562,446	8,772,519			8,772,519		210,073	210,073
Solid Waste Management	696,300	711,456			711,456		15,156	15,156
TOTAL BUSINESS-TYPE ACTIVITIES	10,532,183	10,877,534	-	-	10,877,534	-	345,351	345,351
TOTAL PRIMARY GOVERNMENT	\$ 14,732,408	\$ 11,091,168	\$ 9,000	\$ 386,561	\$ 11,486,729	\$ (3,591,030)	\$ 345,351	\$ (3,245,679)
GENERAL REVENUES:								
Taxes:								
Property Taxes, Levied for General Purposes						\$ 1,120,437	\$ 153	\$ 1,120,590
Property Taxes, Levied for Debt Service						227,825		227,825
Sales Taxes						1,665,430		1,665,430
County Pro Rata Taxes						262,353		262,353
Franchise Taxes						42,456		42,456
In Lieu Taxes						519,044		519,044
Gasoline Taxes & Other Taxes						24,814		24,814
Homestead Reimbursement						81,002		81,002
Fire Protection Allocation						29,720		29,720
Grants and Contributions not Restricted to Specific Programs						3,626		3,626
Investment Earnings						88,685	49,060	137,745
Miscellaneous						438,560	2,070	440,630
Transfers						-		-
TOTAL GENERAL REVENUES AND TRANSFERS						4,503,952	51,283	4,555,235
CHANGE IN NET ASSETS						912,922	396,634	1,309,556
NET ASSETS--BEGINNING, as previously stated						11,992,748	14,731,186	26,723,934
PRIOR PERIOD ADJUSTMENT						(565,217)	42,941	(522,276)
NET ASSETS--BEGINNING, as restated						11,427,531	14,774,127	26,201,658
NET ASSETS--ENDING						\$ 12,340,453	\$ 15,170,761	\$ 27,511,214

See accompanying notes to financial statements.

**CITY OF AMORY, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2004**

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS:</u>			
Cash on Deposit	\$ 206,764	\$ 30,159	\$ 236,923
Money Market, CD's	3,117,192	879,219	3,996,411
Accounts Receivable			
Other	8,881		8,881
Notes Receivable		1,223	1,223
Lease Payments Receivable	1,478,809		1,478,809
Due From Other Funds	48,173		48,173
Due From Other Governments	186,800	34,896	221,696
Accrued Interest	4,617	867	5,484
TOTAL ASSETS	\$ 5,051,236	\$ 946,364	\$ 5,997,600
<u>LIABILITIES AND FUND BALANCES:</u>			
<u>Liabilities:</u>			
Accounts Payable and Accrued Expenses	\$ 139,014	\$ 22,110	\$ 161,124
Due to Other Funds	13,757	31,628	45,385
Due to Other Governments			
Due to Other Industries	3,453		3,453
Deferred Revenues - Lease Payments	1,488,907		1,488,907
Accrued Compensated Absences	34,792		34,792
TOTAL LIABILITIES	1,679,923	53,738	1,733,661
<u>FUND BALANCES:</u>			
Reserved:			
Debt Service		372,159	372,159
Unrestricted:			
Designated for Projects			
Special Revenue Funds		520,467	520,467
Capital Projects Funds			-
Undesignated	3,371,313		3,371,313
Special Revenue Funds			
TOTAL FUND BALANCES	\$ 3,371,313	\$ 892,626	\$ 4,263,939

See accompanying notes to financial statements.

CITY OF AMORY, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
For the Year Ended September 30, 2004

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 4,263,939
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.	9,639,549
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.	(3,331,014)
Deferred revenues for delinquent property taxes deferred in the governmental funds because they will not be received within sixty days of the Consolidated Government's year end.	26,231
Deferred revenues for capital lease receivables deferred in the governmental funds because they will not be received within sixty days of the Consolidated Government's year end.	1,488,907
Accrual of court fine revenues to qualify as financial resources.	217,807
Unamortized bond costs are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.	<u>35,034</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u><u>12,340,453</u></u>

See accompanying notes to financial statements.

CITY OF AMORY, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
For the year ended September 30, 2004

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:			
General Property Taxes	\$ 1,110,968	\$ 227,825	\$ 1,338,793
Sales and Use Taxes	1,665,430		1,665,430
Licenses and Permits	29,708		29,708
Franchise Fees	42,456		42,456
Penalties and Interest	23,378		23,378
Intergovernmental Revenues	988,534	75,086	1,063,620
Grant Income	250,000	2,500	252,500
Charges for Services	64,024		64,024
Fines and Forfeits	151,715		151,715
Interest Revenues	78,985	9,700	88,685
Miscellaneous Revenues	381,006	4,468	385,474
TOTAL REVENUES	4,786,204	319,579	5,105,783
EXPENDITURES:			
Current:			
General Government	685,915		685,915
Public Safety	1,844,176	73,137	1,917,313
Public Works	1,102,757		1,102,757
Culture and Recreation	525,684		525,684
Other Functions	38,480		38,480
Capital Projects		23,579	23,579
Debt Service		519,474	519,474
TOTAL EXPENDITURES	4,197,012	616,190	4,813,202
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	589,192	(296,611)	292,581
OTHER FINANCING SOURCES (USES)			
Transfers to Other Funds	(188,008)	(4,350)	(192,358)
Transfers from Other Funds		192,358	192,358
Lease Payments	105,298		105,298
Proceeds of Capital Leases	100,021		100,021
Proceeds of General Obligation Bonds			0
TOTAL OTHER FINANCING SOURCES (USES)	17,311	188,008	205,319
NET CHANGE IN FUND BALANCES	606,503	(108,603)	497,900
FUND BALANCES - Beginning	2,764,810	1,001,229	3,766,039
FUND BALANCES - Ending	\$ 3,371,313	\$ 892,626	\$ 4,263,939

See accompanying notes to financial statements.

CITY OF AMORY, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT
OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended September 30, 2004

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	497,900
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Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report capital outlay as expenditures. However, in the Government Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		759,348
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Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.		(599,422)
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Because some property taxes will not be collected for several months after the Government's fiscal year ends, they are not considered "available" revenues in the governmental funds.		9,469
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Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.		(2,105)
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Payments received related to deferred revenues reported as revenue on the Governmental Funds financial statements as received.		(105,298)
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Proceeds for lease of building to local industry reported as deferred revenue on the Governmental Funds financial statements.		-
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Governmental funds report unamortized bond issue costs as expenditures. However, in the Government-Wide Statements bond issue costs are capitalized and amortized over the term of the bonds.		(8,759)
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Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Assets. Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Assets.		
This amount represents bond proceeds and premiums.		(100,021)
This amount represents long-term debt repayments and issuance costs.		461,810

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	912,922
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See accompanying notes to financial statements.

CITY OF AMORY, MISSISSIPPI
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL -
BUDGETARY BASIS
For the year ended September 30, 2004

	Budget			Variance with
	Original	Final	Actual	Final Budget Over (Under)
REVENUES:				
General Property Taxes	\$ 1,070,387	\$ 1,090,187	\$ 1,113,920	\$ 23,733
Sales and Use Taxes	1,550,000	1,620,000	1,665,201	45,201
Licenses and Permits	22,200	24,132	29,708	5,576
Franchise Fees	35,000	42,140	41,149	(991)
Penalties and Interest	20,000	21,544	23,378	1,834
Intergovernmental Revenues	3,313,295	1,226,274	1,238,534	12,260
Charges for Services	57,726	52,233	58,411	6,178
Fines and Forfeits	155,000	155,000	151,715	(3,285)
Interest Revenues	34,592	38,487	77,445	38,958
Miscellaneous Revenues	6,117	356,339	387,283	30,944
TOTAL REVENUES	6,264,317	4,626,336	4,786,744	160,408
EXPENDITURES:				
Current:				
General Government	789,812	774,312	748,803	25,509
Public Safety	1,918,959	1,871,217	1,844,176	27,041
Public Works	3,391,916	1,129,215	1,102,757	26,458
Culture and Recreation	563,718	520,031	525,684	(5,653)
Other Functions	44,080	255,897	38,480	217,417
Capital Projects				0
TOTAL EXPENDITURES	6,708,485	4,550,672	4,259,900	290,772
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(444,168)	75,664	526,844	(130,364)
OTHER FINANCING SOURCES (USES):				
Transfers (to) from Other Funds	(192,358)	(160,300)	(125,120)	35,180
Proceeds of Capital Leases		0	100,021	100,021
Lease Payments	157,529	157,540	105,298	52,242
TOTAL OTHER FINANCING SOURCES (USES)	(34,829)	(2,760)	80,199	187,443
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES	\$ (478,997)	\$ 72,904	\$ 607,043	\$ 57,079

See accompanying notes to financial statements.

CITY OF AMORY, MISSISSIPPI
STATEMENT OF NET ASSETS -
PROPRIETARY FUND TYPES
September 30, 2004

	BUSINESS-TYPE ACTIVITIES-- PROPRIETARY FUND			
	ELECTRIC FUND	WATER & SEWER FUND	NON-MAJOR ENTERPRISE FUNDS	TOTAL
ASSETS:				
<u>Current Assets:</u>				
Cash	\$ 613,561	\$ 228,904	\$ 16,027	\$ 858,492
Investments	1,210,372	2,350,433	190,044	3,750,849
Receivables, net	1,110,430	180,176	59,963	1,350,569
Due from Other Funds	23,169	13,321	59,669	96,159
Inventories	143,376	54,502		197,878
Deferred Debits	65	7,712		7,777
Prepaid Expenses	9,350	13,716		23,066
Total Current Assets	<u>3,110,323</u>	<u>2,848,764</u>	<u>325,703</u>	<u>6,284,790</u>
<u>Noncurrent Assets:</u>				
Restricted Assets		2,817		2,817
Due From Home Owner For Conservation Loans	92,709			92,709
<u>Capital Assets:</u>				
Land	106,483	42,345		148,828
Buildings	216,109	127,993	112,539	456,641
Improvements Other Than Building	10,553,269	7,694,361		18,247,630
Machinery & Equipment	737,538	572,013	520,933	1,830,484
Accumulated Depreciation	(5,556,963)	(4,276,543)	(541,479)	(10,374,985)
Construction Work In Progress	138,356	204,101		342,457
Total Noncurrent Assets	<u>6,287,501</u>	<u>4,367,087</u>	<u>91,993</u>	<u>10,746,581</u>
Total Assets	<u>\$ 9,397,824</u>	<u>\$ 7,215,851</u>	<u>\$ 417,696</u>	<u>\$ 17,031,371</u>

CITY OF AMORY, MISSISSIPPI
STATEMENT OF NET ASSETS -
PROPRIETARY FUND TYPES
September 30, 2004

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS			
	ELECTRIC FUND	WATER & SEWER FUND	NON-MAJOR ENTERPRISE FUNDS	TOTAL
<u>LIABILITIES</u>				
<u>Current Liabilities:</u>				
Accounts Payable and				
Accrued Expenses	\$ 951,478	\$ 34,258	\$ 39,984	\$ 1,025,720
Due to Other Funds	58,899	29,976		88,875
Current Portion of Long-Term Debt		70,239	30,509	100,748
Deferred Credits	16,523			16,523
Customer Deposits	313,771	8,074		321,845
Total Current Liabilities	1,340,671	142,547	70,493	1,553,711
<u>Long-Term Liabilities:</u>				
Bonds, Notes, and Loans Payable, net	94,557	144,773	31,322	270,652
Compensated Absences	21,476	12,408	2,363	36,247
Total Long-Term Liabilities	116,033	157,181	33,685	306,899
Total Liabilities	1,456,704	299,728	104,178	1,860,610
<u>Net Assets</u>				
Invested in Capital Assets, Net of				
Related Debt	6,194,792	4,149,258	30,162	10,374,212
Unrestricted	1,746,328	2,766,865	283,356	4,796,549
Total Net Assets	\$ 7,941,120	\$ 6,916,123	\$ 313,518	\$ 15,170,761

See accompanying notes to financial statements.

CITY OF AMORY, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS-
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	BUSINESS-TYPE ACTIVITIES-- PROPRIETARY FUND			
	ELECTRIC FUND	WATER & SEWER FUND	NON-MAJOR ENTERPRISE FUNDS	TOTALS
<u>OPERATING REVENUE:</u>				
Charges For Services	\$ 8,772,519	\$ 1,393,559	\$ 711,456	\$ 10,877,534
Property Taxes			153	153
Total Operating Revenue	<u>8,772,519</u>	<u>1,393,559</u>	<u>711,609</u>	<u>10,877,687</u>
<u>OPERATING EXPENSES:</u>				
Operations	7,559,582	774,746	659,310	8,993,638
Maintenance	191,278	256,115	14,754	462,147
Depreciation	369,540	196,207	19,938	585,685
Taxes	<u>442,046</u>	<u>26,459</u>		<u>468,505</u>
Total Operating Expenses	<u>8,562,446</u>	<u>1,253,527</u>	<u>694,002</u>	<u>10,509,975</u>
Net Operating Income (Loss)	<u>210,073</u>	<u>140,032</u>	<u>17,607</u>	<u>367,712</u>
<u>NON-OPERATING INCOME (EXPENSES):</u>				
Interest Income	16,836	30,067	2,157	49,060
Gain (Loss) on Equipment Sale			2,070	2,070
Miscellaneous Expense		(14,976)	(2,244)	(17,220)
Interest Expense		<u>(4,934)</u>	<u>(54)</u>	<u>(4,988)</u>
Net Non-Operating Income	<u>16,836</u>	<u>10,157</u>	<u>1,929</u>	<u>28,922</u>
Change in Net Assets	<u>226,909</u>	<u>150,189</u>	<u>19,536</u>	<u>396,634</u>
Total Beginning Net Assets, As Previously Stated	7,671,270	6,765,934	293,982	14,731,186
Prior Period Adjustment	<u>42,941</u>	<u>0</u>	<u>0</u>	<u>42,941</u>
Total Beginning Net Assets, Restated	<u>7,714,211</u>	<u>6,765,934</u>	<u>293,982</u>	<u>14,774,127</u>
Total Net Assets--Ending	\$ 7,941,120	\$ 6,916,123	\$ 313,518	\$ 15,170,761

See accompanying notes to financial statements.

CITY OF AMORY, MISSISSIPPI
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended September 30, 2004

	BUSINESS-TYPE ACTIVITIES-- PROPRIETARY FUND			
	ELECTRIC FUND	WATER & SEWER FUND	SOLID WASTE MANAGEMENT FUNDS	TOTALS
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 8,746,600	\$ 1,371,942	\$ 710,139	\$ 10,828,681
Payments to Suppliers	(6,757,139)	(698,772)	(311,322)	(7,767,233)
Payments to Employees	(328,544)	(264,618)	(349,806)	(942,968)
Other Receipts (Payments)	(1,024,614)	(78,828)	153	(1,103,289)
Net Cash Provided (Used) by Operating Activities	636,303	329,724	49,164	1,015,191
Cash Flows from Noncapital Financing Activities:				
Transfers In (Out)			(1,219)	(1,219)
Net Cash Provided By (Used In) Noncapital Financing Activities	0	0	(1,219)	(1,219)
Cash Flows from Capital and Related Financing Activities:				
Proceeds From Capital Debt				0
Purchases of Capital Assets	(672,208)	(327,267)		(999,475)
Proceeds From Sale of Capital Assets		28,493	2,070	
Principal Paid on Capital Debt		(68,858)	(29,689)	(98,547)
Interest Paid on Capital Debt		(4,931)	(2,245)	(7,176)
Other Receipts (Payments)	(28,337)	(14,741)		(43,078)
Net Cash Provided by (Used In) Capital and Related Financing Activities	(700,545)	(387,304)	(29,864)	(1,148,276)
Cash Flows from Investing Activities:				
Interest and Dividends	44,884	31,439	2,157	78,480
Net Cash Provided By (Used In) Investing Activities	44,884	31,439	2,157	78,480
Net Increase (Decrease) In Cash and Cash Equivalents	(19,358)	(26,141)	20,238	(55,824)
Cash and Cash Equivalents--Beginning	1,843,291	2,608,295	185,833	4,637,419
Cash and Cash Equivalents--Ending	\$ 1,823,933	\$ 2,582,154	\$ 206,071	\$ 4,581,595
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 210,073	\$ 140,032	\$ 17,607	\$ 367,712
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	369,540	196,207	19,938	585,685
(Increase) Decrease in Accounts Receivable	(25,919)	(25,450)	(1,316)	(52,685)
(Increase) Decrease in Deferred Credits	26,468			26,468
(Increase) Decrease in Prepaid Items	(1,478)	(2,183)		(3,661)
(Increase) Decrease in Inventory	1,518	(5,398)		(3,880)
(Increase) Decrease in Accounts Payable	51,241	(608)	12,620	63,253
(Increase) Decrease in Accrued Liabilities	(1,509)	23,149	315	21,955
(Increase) Decrease in Customer Deposits	6,369	3,975		10,344
(Increase) Decrease in Deferred Revenue				
Total Adjustments	426,230	189,692	31,557	647,479
Net Cash Provided (Used) by Operating Activities	\$ 636,303	\$ 329,724	\$ 49,164	\$ 1,015,191

See accompanying notes to financial statements.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES

The City of Amory, Mississippi operates under a Mayor - Alderman form of government and provides the following services: public safety (police & fire), public works (street, waste collection) recreation, building and ground improvements, utilities (electricity, water & sewer), community services, urban redevelopment and housing, public improvements and general administrative services.

Government-Wide and Fund Financial Statements

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information on all nonfiduciary activities of the primary government and its component units. The statements distinguish between those activities of the City that are governmental, which are normally supported by taxes and intergovernmental revenues, and those that are considered business-type activities, which rely to a significant extent on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of net assets presents the financial condition of the governmental and business-type activities for the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods and services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the governmental-wide financial statements. The focus of governmental and enterprise fund financial statements are on major funds. Each major fund is presented in a separate column. Nonmajor funds, where applicable, are aggregated and presented in a single column. Fiduciary funds are reported by type.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible in the current period or soon enough thereafter to pay liabilities of the current period. For this purposes, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Significant revenues considered to be susceptible to accrual in addition to general property taxes include sales tax and various categorical grants.

The City reports the following governmental funds:

General Fund – The General Fund is used to account for all financial resources of the primary government except those required to be accounted for in another fund. The majority of current operations are financed by this fund. Transfers to other funds and agencies are made from this fund. Monies from other funds may be received unless prohibited by the purpose and object of such funds. This is a major fund.

Debt Service Fund – The Debt Service Fund was established to receive and account for resources restricted for the payment of interest and principal on general improvement and school bonds, and notes and capital leases. This is a nonmajor governmental fund.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources such as proceeds from the sale of bonds, bond anticipation notes, capital notes, transfers from governmental funds, and federal and state grants, all provided for the specific purpose of constructing, reconstructing or acquiring permanent or semi-permanent capital improvements. Capital improvements intended for Enterprise Fund use are not included in the Capital Projects Funds. This is a nonmajor governmental fund.

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific federal and state grants that are legally restricted to expenditures for specified purposes. This is a nonmajor governmental fund.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES (continued)

The City reports the following major proprietary funds:

The Electric Fund – This fund is used to account for the City's electric distribution system. This fund is responsible for electric power delivery to the residents of the City of Amory.

The Water Fund – This fund is used to account for the City's water treatment and distribution system. This fund is responsible for water delivery to the residents of the City of Amory.

The City has elected to apply all Governmental Accounting Standards Board (GASB) pronouncements, applicable Financial Accounting Standards Board (FASB) pronouncements, and Accounting Principals Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues are those which cannot be associated directly with program activities

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the proprietary funds are as follows: sale of water for the Water Fund, refuse collection charges for the Solid Waste Fund, and sale of electricity for the Electric Fund. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES (continued)

Financial Reporting Entity

The City's combined financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is a fiscal dependency by the organization on the City

Included within the reporting entity:

City of Amory electric, water and sewer system, and solid waste management fund. The rates for user charges and bond issuance authorizations also are approved by the governments governing body and the legal liability for the general obligation portion of the electric, water and sewer debt remains with the government.

Change in Method of Accounting

In 2003, the City implemented GASB Statement No. 34, "Basic Financial Statements—and Management's Discussion and Analysis—of State and Local Governments," which requires a change in format of the financial statements. The new governmental reporting model has the following sections: Management's Discussion and Analysis, Government-wide Financial Statements, and Fund Financial Statements. Under the new reporting model, the infrastructure has been added to the capital assets and appropriately depreciated.

Due to the implementation of GASB Statement No. 34, the prior year retained earnings and contributed capital for the enterprise funds were restated to reflect the net assets.

Budgets and Budgetary Accounting

The Mayor and Board of Aldermen generally follow the following proposed budget calendar of the State Department of Audit in establishing the budgetary data reflected in the financial statements:

- (1) The Mayor and Board of Aldermen formulate the budget policy at the May board meeting.
- (2) Department budget requests are prepared by the appropriate people and submitted by the July board meeting.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES (continued)

- (3) A proposed budget is presented at the August meeting and a notice of public budget hearings and availability of the budget for inspection is published.
- (4) Between August 15th-30th a public hearing is held and the budget is adopted. The anticipated tax levy is reviewed to determine whether public notice is required on any levy.
- (5) Between September 1st-15th the budget must be adopted and the tax levy set.
- (6) Between September 1st-30th, in accordance with the City's population, the budget must be published in a municipal newspaper.
- (7) And, between September 15th-30th the budget as adopted should be written up, filed with the municipal clerk and public notice given of the availability of the budget for inspection. Expenditures may not legally exceed budgeted appropriations at the activity level. During the year, several supplementary appropriations were necessary.
- (8) Further, budgets are used as management control devices in the General Debt Service and Proprietary Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), except the Proprietary Fund recognizes all expenditures for debt as expense and no depreciation expense is recognized.

Budgetary data for the Capital Projects Fund has not been presented in the accompanying combined financial statements as such funds are budgeted over the life of the respective project and not on an annual basis.

Unused appropriations for all of the above annually budgeted funds lapse at the end of the year. The budget amounts shown in the financial statements are the final authorized amounts after appropriate revisions during the year.

Expenditures may not legally exceed budgeted appropriations at the activity level except for capital outlays, election expenses and emergency expenditures.

Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year.

General Obligation Enterprise Bonds

The Enterprise Funds provide the annual debt service requirements on certain general obligation enterprise bonds (not secured by system revenues) issued to finance system improvements. Since the Enterprise Funds provide the annual debt service on these general obligation enterprise bonds, the bonds are considered to be obligations of the Enterprise Funds and have been reported on the balance sheets of the Enterprise Funds.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES (continued)

Although the general obligation enterprise bonds are reported on the balance sheets of the Enterprise Funds, they are backed by the full faith and credit of the City and are therefore a contingent liability to the general government.

Encumbrances

State law does not require that funds be available when goods or services are ordered, only when paid for. Due to this circumstance, the City does not employ an encumbrance system.

Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid debt instruments purchased with an original maturity of three months or less when required are considered to be cash equivalents.

Business Information

The City of Amory, Mississippi provides electric, water and sewer and solid waste collection services to customers located within the city limits of Amory, Mississippi as well as a limited number of customers outside the city limits. Credit is extended to all of these customers for services.

Inventories

Inventories for proprietary fund types are valued at cost. The City does not maintain inventory records for any other fund types.

Prepaid Items

Prepaid items, such as prepaid insurance, are not reported for governmental fund types. This is permitted by generally accepted accounting principles.

Compensated Absences

The City's policy allows employees to accumulate unused vacation leave up to 15 days. Upon termination, any accumulated vacation will be paid to the employee. Sick leave will be paid only upon illness while an employee of the City.

Cash and Investments

The City deposits funds in the financial institutions selected by the Board of Alderman in accordance with state statutes.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES (continued)

The collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the entity's are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

Investments - State statutes, city bond ordinances and city resolutions authorize the City's investments. The City is authorized, by statute, to invest excess funds in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county, municipality or school district of this state, when such county, municipal or school district bonds have been properly approved; or in interest-bearing time certificates of deposit with any financial institution approved for the deposit of funds. For reporting purposes, certificates of deposit are classified as investments. Investments are valued at cost or amortized cost except for investments in the Deferred Compensation Fund that are reported at market value.

Fund Reserves

Fund reserves are portions of fund equity that are legally segregated for a specific future use or are not available for current operations. Following is a description of all reserves used by the City:

- (1) Reserved for Debt Service - An account used to segregate a portion of fund balance for debt service resources legally restricted to the payment of long-term debt principal and interest amounts maturing in future years.
- (2) Reserved for Capital Improvements - An account used to segregate a portion of fund balance for capital improvement resources restricted for the use to pay for capital improvements that the City has ongoing construction contracts.

NOTE 2 - PROPERTY TAXES

Property taxes, except motor vehicles, attach as an enforceable lien on property as of January 1st. The City bills and collects its own property taxes, except motor vehicle taxes, and also collects taxes for the Separate School District. Motor vehicle taxes are collected by the County Tax Collector and remitted to the City. Taxes are levied on October 1st and are due and payable at that time. All unpaid taxes levied October 1st become delinquent February 1st of the following year. Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within thirty days after year end.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2004

NOTE 2 - PROPERTY TAXES (continued)

The millage was allocated as follows:

	<u>2004</u>		<u>2003</u>	
	<u>City</u>	<u>School District</u>	<u>City</u>	<u>School District</u>
General Fund	25.21	0.00	24.23	0.00
Library Fund	3.00	0.00	3.00	0.00
G.O. Debt Service, Series 1996	5.76	0.00	8.54	0.00
School Debt Service Fund				
March 1987 Issue	0.00	0.00	0.00	0.00
School Debt Service Fund				
September 1994 Issue	7.42	7.42	8.76	8.76
School Maintenance Fund	29.94	29.94	31.04	31.04
Minimum Education Fund	0.00	0.00	0.00	0.00
Solid Waste Management Fund	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total	<u>71.33</u>	<u>37.36</u>	<u>75.57</u>	<u>39.80</u>

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT - PROPRIETARY FUND TYPES

A summary of proprietary fund types property, plant and equipment follows:

	<u>Enterprise</u>	
	<u>2004</u>	<u>2003</u>
Electric Fund	\$ 11,751,755	\$ 11,204,110
Solid Waste Management Fund	633,472	633,472
Combined Water & Sewer Fund	<u>8,640,813</u>	<u>8,342,039</u>
Total	21,026,040	20,179,621
Less: Accumulated Depreciation	<u>10,374,985</u>	<u>9,956,251</u>
Net	<u>\$ 10,651,055</u>	<u>\$ 10,223,366</u>

The Solid Waste Management Fund was established on October 1, 1992. As required by the State Department of Audit, costs listed above are from historical records of buildings and equipment acquired by the City of Amory, Mississippi.

For the Enterprise Funds, the accumulated provision for depreciation is charged with retirements together with removal cost less salvage. Generally, because of the composite character of the provision no other adjustments of accumulated depreciation are made in recording retirements.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2004

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT - PROPRIETARY FUND TYPES (continued)

The Water and Sewer Fund and Solid Waste Management Fund equipment is carried at cost, less depreciation, except for the water plant existing on October 1, 1958.

The Electric Fund was established on September 3, 1934, at an appraised value of \$17,423. Additions subsequent to that time have been at cost.

The valuation of the water plant in service at October 1, 1958, was based on actual cost for all possible items. In those cases where actual cost could not be determined, the calculation of plant items was based on engineering estimates and/or consultant's appraisals. It is noted that this is a variation from the generally accepted accounting principals that require assets be recorded at cost. Asset values were adjusted to reflect estimated net book value as of October 1, 1958. However, all plant additions in later periods were recorded at cost and depreciation of the water plant was recognized in the statement.

NOTE 4 - DEFINED BENEFIT PENSION PLAN

Plan Description - The City of Amory contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800 444 PERS.

Funding Policy - PERS members are required to contribute 7.25% of their annual covered salary and the City of Amory, Mississippi is required to contribute at an actuarially determined rate. The current rate is 9.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City of Amory, Mississippi's contributions to PERS for the years ending September 30, 2004, 2003 and 2002 were \$312,778, \$303,050, and \$296,400, respectively, equal to the required contributions for each year.

NOTE 5 - LITIGATION

Certain claims, suits, and complaints arising in the ordinary course of business have been filed or are pending against the City. In the opinion of the elected officials, all such matters are adequately covered by insurance, or if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the city if disposed of unfavorably.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2004

NOTE 6 - FIXED ASSETS

The following is a summary of capital asset activity as of September 30, 2004:

Primary Government:

	<u>Balance</u> <u>10-01-03</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>9-30-04</u>
Capital Assets, not being depreciated:				
Land	\$ 766,361	\$ 0	\$ 0	\$ 766,361
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital Assets, not being Depreciated:	766,361	0	0	766,361
Capital Assets being depreciated:				
Plant, Buildings, & Improvements	4,210,230	30,261	0	4,240,491
Infrastructure	10,216,562	533,103	0	10,749,665
Machinery and Equipment	<u>2,225,285</u>	<u>195,984</u>	<u>0</u>	<u>2,421,269</u>
Total Capital Assets being depreciated	16,652,077	759,348	0	17,411,425
Less Accumulated Depreciation for:				
Plant, Buildings, & Improvements	(2,151,521)	(101,553)	0	(2,253,074)
Machinery and Equipment	(1,616,480)	(141,263)	0	(1,757,743)
Infrastructure	<u>(4,170,814)</u>	<u>(356,606)</u>	<u>0</u>	<u>(4,527,420)</u>
Total Accumulated Depreciation	(7,938,815)	(599,422)	0	(8,538,237)
Total Capital Assets, depreciated, net Governmental Activities	<u>8,713,262</u>	<u>159,926</u>	<u>0</u>	<u>8,873,188</u>
Capital Assets, net	<u>\$ 9,479,623</u>	<u>\$ 159,926</u>	<u>\$ 0</u>	<u>\$ 9,639,549</u>

The City has adopted a capitalization threshold of \$500 for general fixed assets and a threshold of \$5,000 for infrastructure assets. The City has retroactively applied these thresholds to all general fixed assets in service. The City also retroactively capitalized infrastructure assets in service. The beginning accumulated depreciation balances have been adjusted to reflect the City's new capitalization policy.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2004

NOTE 6 - FIXED ASSETS (continued)

A summary of business-type capital asset activity at September 30, 2004 follows:

	<u>Balance</u> <u>10-01-03</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>9-30-04</u>
Capital Assets, not being depreciated:				
Land	\$ 145,828	\$ 3,000	\$ 0	\$ 148,828
Construction in Progress	<u>690,836</u>	<u>0</u>	<u>(348,379)</u>	<u>342,457</u>
Total Capital Assets, not being Depreciated:	836,664	3,000	(348,379)	491,285
Capital Assets being depreciated:				
Plant, Buildings, & Improvements	17,564,698	1,423,892	(284,319)	18,704,271
Machinery and Equipment	<u>1,778,259</u>	<u>77,088</u>	<u>(24,863)</u>	<u>1,830,484</u>
Total Capital Assets being depreciated	19,342,957	1,500,980	(309,182)	20,534,755
Less Accumulated Depreciation for:				
Plant, Buildings, & Improvements	(7,227,968)	(455,321)	171,305	(7,511,984)
Machinery and Equipment	<u>(2,728,287)</u>	<u>(194,829)</u>	<u>60,115</u>	<u>(2,863,001)</u>
Total Accumulated Depreciation	<u>(9,956,255)</u>	<u>(650,150)</u>	<u>231,420</u>	<u>(10,374,985)</u>
Total Capital Assets, depreciated, net Business-type Activities	<u>9,386,702</u>	<u>850,830</u>	<u>(77,762)</u>	<u>10,159,770</u>
Capital Assets, net	<u>\$ 10,223,366</u>	<u>\$ 853,830</u>	<u>\$ (426,141)</u>	<u>\$ 10,651,055</u>

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation has been calculated on the fixed assets using the following useful lives:

Plant, building, and Improvements	5 – 40 Years
Machinery and Equipment	5 – 15 Years
Furniture and Fixtures	5 – 20 Years
Vehicles	5 – 10 Years

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 84,071
Public Safety	115,816
Public Works	385,000
Culture & Recreation	<u>14,535</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 599,422</u>

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2004

NOTE 6 - FIXED ASSETS (continued)

Business-type Activities:

Electric Department	\$ 328,544
Water and Sewer	196,207
Solid Waste	<u>19,938</u>

Total Depreciation Expense – Business-type Activities	<u>\$ 544,689</u>
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NOTE 7 - LONG-TERM DEBT

General obligation bonds include G. O. Port Bonds and Water and Sewer G. O. Bonds. Resolutions adopted by the City authorizing the issuance of Water and Sewer Department bonds set forth certain accounting requirements concerning revenues. We reviewed the City's records and found that these requirements have been met. The City is required to transfer revenues into restricted funds on a monthly basis until certain maximum fund balances have been achieved. All restricted funds had either attained their maximum balances or required transfers were being made.

The annual requirements to amortize all general obligation bonds and notes outstanding as of September 30, 2004 are as follows:

Fiscal Year Ending <u>September 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2005	\$ 453,129	\$ 98,769	\$ 100,748	\$ 5,208	\$ 657,854
2006	444,869	87,575	102,978	2,872	638,294
2007	460,569	75,875	73,117	917	610,478
2008	465,334	62,250	0	0	527,584
2009	475,277	46,956	0	0	522,233
2010-2014	710,192	124,060	0	0	834,252
2015-2019	<u>321,644</u>	<u>16,697</u>	<u>0</u>	<u>0</u>	<u>338,341</u>
Total	<u>\$ 3,331,014</u>	<u>\$ 512,182</u>	<u>\$ 276,843</u>	<u>\$ 8,997</u>	<u>\$ 4,129,036</u>

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2004

NOTE 7 - LONG-TERM DEBT (continued)

A summary of general long-term debt is as follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>10/01/03</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>9/30/04</u>
G.O. City Street Improvement Refunding Bonds Series 2003- \$1,815,000 original issue with interest rates of 2.00 to 3.00%, maturing on December 1, 2008	1,815,000	0	285,000	1,530,000
State of Mississippi-CAP Loan \$525,000 with interest at 4.0% maturing on January 1, 2012.	326,739	0	34,256	292,483
State of Mississippi-CAP Loan \$500,000 with interest at 3.0% maturing on August 1, 2017	473,199	0	27,617	445,582
State of Mississippi-CAP Loan \$500,000 with interest at 3.0% maturing on June 1, 2018.	488,930	0	27,138	461,792
Capital Lease - \$63,326 with interest at 3.05%, maturing on February 10, 2008.	0	63,326	10,026	53,300
Capital Lease - \$37,485 with interest at 3.05%, maturing on June 15, 2005.	0	36,695	18,742	17,953
Promissory Note - \$650,000 with interest at 6.65% maturing on August 1, 2015.	<u>565,494</u>	<u>0</u>	<u>35,591</u>	<u>529,903</u>
	<u>\$ 3,669,362</u>	<u>\$ 100,021</u>	<u>\$ 438,371</u>	<u>\$ 3,331,014</u>
 <u>Business-Type Activities</u>	 <u>Balance</u> <u>10/01/03</u>	 <u>Issued</u>	 <u>Retired</u>	 <u>Balance</u> <u>9/30/04</u>
Note Payable-\$91,520 with interest at 2.95%, maturing on September 4, 2006.	\$ 91,520	\$ 0	\$ 29,690	\$ 61,830
Note Payable-\$351,310 with interest at 2.0%, maturing on August 15, 2007.	<u>283,870</u>	<u>0</u>	<u>68,857</u>	<u>215,013</u>
	<u>\$ 375,390</u>	<u>\$ 0</u>	<u>\$ 98,547</u>	<u>\$ 276,843</u>

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2004

NOTE 8 - DUE FROM/TO INTERFUND BALANCES

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 48,173	\$ 13,757
Special Revenue Fund		31,628
Enterprise Funds:		
Solid Waste Management Fund	59,669	0
Water and Sewer Fund	13,321	29,976
Electric Department	<u>23,169</u>	<u>58,899</u>
Total	<u>\$ 144,332</u>	<u>\$ 134,260</u>

Due from Other Funds and Due to Other Funds do not equal because the statements included herein for the Electric Fund are for the fiscal year ended June 30, 2004. The following is a reconciliation of the difference:

Due to General Fund on June 30, 2004 per Electric Fund	\$ 40,749	
Due to Water and Sewer Fund on June 30, 2004 per Electric Fund	90,500	
Due to Solid Waste Management Fund on June 30, 2004 per Electric Fund	<u>55,966</u>	
		\$ 187,215
Due from Electric Fund on September 30, 2004 per General Fund	40,749	
Due from Electric Fund on September 30, 2004 per Solid Waste Management Fund	58,450	
Due from Electric Fund on September 30, 2004 per Water and Sewer Fund	<u>0</u>	<u>99,199</u>
		<u>\$ 10,072</u>

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2004

NOTE 9 - ECONOMIC DEPENDENCY

Sales to one major customer during the Electric Fund's year ended June 30, 2004 totaled approximately \$1,618,172. This represented approximately 15% of the Enterprise Fund's total revenues.

NOTE 10 - EXPENDITURES OVER APPROPRIATIONS FOR INDIVIDUAL FUNDS

Any expenditures over appropriations at the legal level of budgetary control for the respective funds are disclosed in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the respective fund.

Expenditures over appropriations at the legal level of budgetary control are as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Overage</u>
General Fund:			
Museum Department			
Supplies	\$ 1,375	\$ 4,724	\$ 3,349
Other Services and Charges	16,824	40,769	23,945

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2004

NOTE 11 - RISK MANAGEMENT

The City of Amory is exposed to various risks of losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs of the City except for certain employment practices liabilities, certain environmental liabilities, worker's compensation liabilities funded through a public entity risk pool, and catastrophic natural disasters that may exceed insurance coverages for which the City retains the risk of loss.

Risk of loss related to workers compensation for injuries to City employees is covered through the Mississippi Municipal Workers' Compensation Group, a public entity risk pool. The pool was formed on March 28, 1989, by the Mississippi Nonprofit Corporation Act, pursuant to Section 71-3-75, Mississippi Code Annotated (1972), to provide public entities within the State of Mississippi workers compensation and employers liability coverage. The City pays premiums to the pool for its workers' compensation insurance coverage based on total payroll. The participation agreement provides that the pool will be self-sustaining through member premiums. The risk of loss is remote for claims exceeding the pool's retention liability. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. For insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The City Attorney estimates that the amount of actual or potential claims against the City as of September 30, 2004, will not materially affect the financial condition of the City. Therefore, no provisions have been made for estimated claims. There have been no material claims paid by the City during the current or prior year.

COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES

**CITY OF AMORY, MISSISSIPPI
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2004**

	Non-Major Capital Projects	Non-Major Debt Service	Non-Major Special Revenue	Total Non-Major Governmental Funds
<u>ASSETS:</u>				
Cash	\$	\$ 11,561	\$ 18,598	\$ 30,159
Investments		357,014	522,205	879,219
General Property Taxes Receivable				-
Notes Receivable			1,223	1,223
Accrued Interest Receivable		316	551	867
Due From Other Funds				-
Due From Other Government Units		3,268	31,628	34,896
Inventories				-
TOTAL ASSETS	\$ -	\$ 372,159	\$ 574,205	\$ 946,364
<u>LIABILITIES AND FUND BALANCES:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$	\$	\$ 22,110	\$ 22,110
Due to Other Funds			31,628	31,628
Deferred Revenues				-
TOTAL LIABILITIES	-	-	53,738	53,738
<u>FUND BALANCES:</u>				
Reserved:				
Capital Projects Funds				-
Debt Service Funds		372,159		372,159
Special Revenue Funds			520,467	520,467
Unrestricted:				
Special Revenue Funds				-
TOTAL FUND BALANCES	-	372,159	520,467	892,626
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 372,159	\$ 574,205	\$ 946,364

CITY OF AMORY, MISSISSIPPI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
NON-MAJOR GOVERNMENTAL FUNDS
For the year ended September 30, 2004

	Non-Major Capital Projects	Non-Major Debt Service	Non-Major Special Revenue	Total Non-Major Governmental Funds
REVENUES:				
Taxes	\$	\$ 227,825	\$	\$ 227,825
Intergovernmental Revenues		13,738	61,348	75,086
Charges for Services				0
Grant Income	2,500			2,500
Interest		3,639	6,061	9,700
Miscellaneous			4,468	4,468
TOTAL REVENUES	<u>2,500</u>	<u>245,202</u>	<u>71,877</u>	<u>319,579</u>
EXPENDITURES:				
Current:				
Public Safety			73,137	73,137
Culture and Recreation				0
Other Functions				0
Capital Projects	23,579			23,579
Debt Service		519,474		519,474
TOTAL EXPENDITURES	<u>23,579</u>	<u>519,474</u>	<u>73,137</u>	<u>616,190</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(21,079)</u>	<u>(274,272)</u>	<u>(1,260)</u>	<u>(296,611)</u>
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds	(2,500)		(1,850)	(4,350)
Transfers from Other Funds		192,358		192,358
				0
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,500)</u>	<u>192,358</u>	<u>(1,850)</u>	<u>188,008</u>
NET CHANGE IN FUND BALANCES	<u>(23,579)</u>	<u>(81,914)</u>	<u>(3,110)</u>	<u>(108,603)</u>
FUND BALANCES - Beginning	<u>23,579</u>	<u>454,073</u>	<u>523,577</u>	<u>1,001,229</u>
FUND BALANCES - Ending	\$ <u>0</u>	\$ <u>372,159</u>	\$ <u>520,467</u>	\$ <u>892,626</u>

CITY OF AMORY, MISSISSIPPI
COMPARATIVE BALANCE SHEET - GENERAL FUND
September 30, 2004 and 2003

	TOTALS	TOTALS
	2004	2003
<u>ASSETS:</u>		
Cash	\$ 206,764	\$ 211,188
Investments	3,117,192	2,477,066
Accrued Interest Receivable	4,617	3,077
Lease Payments Receivable	1,478,809	1,636,019
Due From Other Governments	186,800	156,084
Due From Other Funds	48,173	48,173
Other Receivables	8,881	8,307
	<u>5,051,236</u>	<u>4,539,914</u>
Total Assets	\$ <u>5,051,236</u>	\$ <u>4,539,914</u>
<u>LIABILITIES:</u>		
Accounts Payable and Accrued Expenses	\$ 139,014	\$ 89,172
Accrued Compensated Absences	34,792	34,493
Due to Other Funds	13,757	13,321
Due to Other Industries	3,453	3,453
Deferred Revenues - Lease Payments	1,488,907	1,634,665
	<u>1,679,923</u>	<u>1,775,104</u>
Total Liabilities	<u>1,679,923</u>	<u>1,775,104</u>
<u>FUND BALANCE:</u>		
Unreserved	<u>3,371,313</u>	<u>2,764,810</u>
Total Fund Balance	<u>3,371,313</u>	<u>2,764,810</u>
Total Liabilities and Fund Balance	\$ <u>5,051,236</u>	\$ <u>4,539,914</u>

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
Year Ended September 30, 2004 and 2003

	TOTALS	TOTALS
	2004	2003
REVENUES:		
Ad Valorem Taxes:		
Real & Personal	\$ 1,110,968	\$ 1,075,907
Penalties and Interest	23,378	27,116
Licenses and Permits	29,708	29,292
State of Mississippi:		
Sales Tax	1,665,430	1,606,973
Municipal Aid	3,626	3,626
Gasoline Tax	9,793	9,860
Homestead Reimbursement	67,264	57,411
Law Enforcement Assistance	9,000	0
In Lieu - TVA	107,109	94,413
Monroe County:		
Pro Rata Tax	262,353	263,512
Vehicle Rental & Rail Car	15,021	13,145
In Lieu - Other:		
Utility Department	400,099	400,099
Housing Authority	11,836	12,690
State Grants	250,000	0
TVA & State - Waterway Road Project	102,433	484,667
Recreation Fee	8,040	12,940
Fines and Forfeitures	151,715	155,665
Rentals	50,371	40,613
Interest	78,985	74,332
Library Income	5,613	6,016
Franchise Fee	42,456	47,217
Sale of Land & Equipment	341,845	1,045
Sundry	39,161	60,259
Total Revenues	\$ <u>4,786,204</u>	\$ <u>4,476,798</u>

EXPENDITURES:

General Government:

Legislative:

Personal Services	\$ 41,105	\$ 39,767
Supplies	154	0
Other Services and Charges	<u>7,357</u>	<u>531</u>
Total	<u>48,616</u>	<u>40,298</u>

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
Year Ended September 30, 2004 and 2003

	TOTALS	TOTALS
	2004	2003
Judicial:		
Personal Services	\$ 14,994	\$ 14,558
Supplies	278	5,453
Other Services and Charges	22,975	17,095
Capital Outlay	349	14,466
Total	38,596	51,572
Executive:		
Personal Services	67,866	64,157
Supplies	2,321	1,855
Other Services and Charges	4,971	4,145
Capital Outlay	0	833
Total	75,158	70,990
Planning/Zoning:		
Personal Services	79,608	75,017
Supplies	1,047	1,037
Other Services and Charges	33,650	3,180
Capital Outlay	0	1,593
Total	114,305	80,827
Elections:		
Personal Services	0	0
Supplies	0	0
Other Services and Charges	0	0
Total	0	0
Finance:		
Personal Services	90,111	85,268
Supplies	2,393	3,802
Other Services and Charges	30,878	22,172
Capital Outlay	3,964	7,579
Total	127,346	118,821
Data Processing:		
Supplies	0	0
Other Services and Charges	0	0
Capital Outlay	0	0
Total	0	0

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
Year Ended September 30, 2004 and 2003

	TOTALS	TOTALS
	2004	2003
Tax Administration:		
Personal Services	\$ 0	\$ 0
Supplies	0	2,343
Other Services and Charges	6,649	9,984
Total	6,649	12,327
Legal:		
Personal Services	10,112	9,704
Other Services and Charges	18,341	10,591
Total	28,453	20,295
General Government Administration:		
Supplies	4,957	3,837
Other Services and Charges	81,093	126,138
Capital Outlay	1,549	6,587
Debt Service	3,138	3,270
Total	90,737	139,832
Other General Government Bldg. & Plant:		
Personal Services	39,137	45,186
Supplies	36,654	28,146
Other Services and Charges	72,360	67,318
Capital Outlay	7,904	10,438
Total	156,055	151,088
Total General Government	685,915	686,050
Public Safety:		
Police Department:		
Personal Services	908,039	850,289
Supplies	106,726	91,986
Other Services and Charges	102,038	77,948
Capital Outlay	51,280	47,319
Debt Service	43,426	0
Total	1,211,509	1,067,542

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
Year Ended September 30, 2004 and 2003

	TOTALS	TOTALS
	2004	2003
Narcotics Division of Police Department:		
Personal Services	\$ 19,664	\$ 18,865
Supplies	497	791
Other Services and Charges	145	167
Total	20,306	19,823
Fire Department:		
Personal Services	563,797	556,446
Supplies	16,507	13,166
Other Services and Charges	22,502	18,339
Capital Outlay	1,555	0
Total	604,361	587,951
Other Protection Department:		
Other Services and Charges	8,000	8,000
Total	8,000	8,000
Total Public Safety	1,844,176	1,683,316
Public Works:		
Street Department:		
Personal Services	210,893	189,215
Supplies	72,159	72,957
Other Services and Charges	132,847	146,568
Capital Outlay	600,227	460,270
Debt Service	11,224	0
Total	1,027,350	869,010
City Garage Department		
Personal Services	30,585	27,416
Supplies	4,337	4,625
Other Services and Charges	2,061	2,285
Capital Outlay	2,024	945
Total	39,007	35,271

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
Year Ended September 30, 2004 and 2003

	TOTALS	TOTALS
	2004	2003
Animal Control:		
Other Services and Charges	\$ 36,400	\$ 36,400
Total	36,400	36,400
Total Public Works	1,102,757	940,681
Culture & Recreation:		
Welfare Department (Senior Citizens Program):		
Supplies	721	663
Total	721	663
Parks and Recreation:		
Personal Services	166,426	154,042
Supplies	37,837	34,588
Other Services and Charges	59,247	64,850
Capital Outlay	1,338	87,203
Total	264,848	340,683
Library		
Personal Services	110,764	113,579
Supplies	6,309	6,175
Other Services and Charges	35,838	32,875
Capital Outlay	281	0
Total	153,192	152,629
Museum Department:		
Personal Services	54,339	44,511
Supplies	4,724	4,303
Other Services and Charges	40,769	18,823
Capital Outlay	7,091	0
Total	106,923	67,637
Total Culture and Recreation	525,684	561,612
Urban & Economic Development:		
Economic Development:		
Other Services and Charges	37,830	24,489
Total	37,830	24,489

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
Year Ended September 30, 2004 and 2003

	TOTALS	TOTALS
	2004	2003
TVA Lieu:		
Other Services and Charges	\$ 650	\$ 0
Capital Outlay	<u>0</u>	<u>88,746</u>
Total	<u>650</u>	<u>88,746</u>
 Total Urban & Economic Development	 <u>38,480</u>	 <u>113,235</u>
 Total Expenditures	 <u>4,197,012</u>	 <u>3,984,894</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>589,192</u>	 <u>491,904</u>
Other Financing Sources (Uses):		
Proceeds from Capital Leases	100,021	0
Transfers (to) from Other Funds	(188,008)	(179,056)
Lease Payments	<u>105,298</u>	<u>70,786</u>
Total Other Financing Sources (Uses)	<u>17,311</u>	<u>(108,270)</u>
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 606,503	 383,634
Fund Balance:		
October 1,	<u>2,764,810</u>	<u>2,381,176</u>
September 30,	\$ <u><u>3,371,313</u></u>	\$ <u><u>2,764,810</u></u>

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
Year Ended September 30, 2004

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
RECEIPTS:			
Ad Valorem Taxes:			
Real & Personal	\$ 1,090,187	\$ 1,113,920	\$ 23,733
Penalties and Interest	21,544	23,378	1,834
Licenses and Permits	24,132	29,708	5,576
State of Mississippi:			
Sales Tax	1,620,000	1,665,201	45,201
Municipal Aid	3,625	3,626	1
Gasoline Tax	9,792	9,793	1
Homestead Reimbursement	67,263	67,264	1
Law Enforcement Assistance		9,000	9,000
In Lieu - TVA	107,108	107,109	1
Monroe County:			
Pro Rate Tax	260,000	262,353	2,353
Vehicle Rental & Rail Car	13,356	15,021	1,665
In Lieu - Other:			
Utility Department	400,099	400,099	0
Housing Authority	12,599	11,836	(763)
State Grants	250,000	250,000	0
TVA & State - Waterway Road Project	102,432	102,433	1
Recreation Fee		8,040	8,040
Fines and Forfeitures	155,000	151,715	(3,285)
Rentals	47,903	50,371	2,468
Interest	38,487	77,445	38,958
Library Income	4,330	5,613	1,283
Franchise Fee	42,140	41,149	(991)
Sale of Surplus Equipment	341,845	341,845	0
Sundry	14,494	39,825	25,331
Total Receipts	\$ 4,626,336	\$ 4,786,744	\$ 160,408

EXPENDITURES:

General Government:

Legislative:

Personal Services	\$ 41,113	\$ 41,105	\$ 8
Supplies	155	154	1
Other Services and Charges	7,358	7,357	1
Total	48,626	48,616	10

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
Year Ended September 30, 2004

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Judicial:			
Personal Services	\$ 14,997	\$ 14,994	\$ 3
Supplies	668	278	390
Other Services and Charges	23,638	22,975	663
Capital Outlay	0	349	(349)
Total	39,303	38,596	707
Executive:			
Personal Services	68,056	67,866	190
Supplies	2,490	2,321	169
Other Services and Charges	5,171	4,971	200
Capital Outlay	0	0	0
Total	75,717	75,158	559
Planning/Zoning:			
Personal Services	81,172	79,608	1,564
Supplies	1,160	1,047	113
Other Services and Charges	37,313	33,650	3,663
Capital Outlay	0	0	0
Total	119,645	114,305	5,340
Elections:			
Personal Services	0	0	0
Supplies	0	0	0
Other Services and Charges	0	0	0
Total	0	0	0
Finance:			
Personal Services	93,879	90,111	3,768
Supplies	2,918	2,393	525
Other Services and Charges	33,603	30,878	2,725
Capital Outlay	3,630	3,964	(334)
Total	134,030	127,346	6,684
Data Processing:			
Supplies	0	0	0
Other Services and Charges	0	0	0
Capital Outlay	0	0	0
Total	0	0	0

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
Year Ended September 30, 2004

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Tax Administration:			
Supplies	\$ 0	\$ 0	\$ 0
Other Services and Charges	6,980	6,649	331
Total	6,980	6,649	331
Legal:			
Personal Services	10,498	10,112	386
Supplies	0	0	0
Other Services and Charges	18,375	18,341	34
Total	28,873	28,453	420
General Government Administration:			
Supplies	5,138	4,957	181
Other Services and Charges	82,156	81,093	1,063
Capital Outlay	1,550	1,549	1
Debt Service	3,138	3,138	0
Total	91,982	90,737	1,245
Other General Government Bldg. & Plant:			
Personal Services	39,801	39,137	664
Supplies	39,550	36,654	2,896
Other Services and Charges	138,396	72,360	66,036
Capital Outlay	11,409	7,904	3,505
Total	229,156	156,055	73,101
Total General Government	774,312	685,915	88,397
Public Safety:			
Police Department:			
Personal Services	932,591	908,039	24,552
Supplies	111,920	106,726	5,194
Other Services and Charges	102,494	102,038	456
Capital Outlay	57,076	51,280	5,796
Debt Service	0	43,426	(43,426)
Total	1,204,081	1,211,509	(7,428)
Narcotics Division of Police Department:			
Personal Services	24,630	19,664	4,966
Supplies	625	497	128
Other Services and Charges	400	145	255
Total	25,655	20,306	5,349

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
Year Ended September 30, 2004

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Fire Department:			
Personal Services	\$ 585,082	\$ 563,797	\$ 21,285
Supplies	22,360	16,507	5,853
Other Services and Charges	26,039	22,502	3,537
Capital Outlay	0	1,555	(1,555)
Total	633,481	604,361	29,120
Other Protection Department:			
Other Services and Charges	8,000	8,000	0
Total	8,000	8,000	0
Total Public Safety	1,871,217	1,844,176	27,041
Public Works:			
Street Department:			
Personal Services	217,637	210,893	6,744
Supplies	86,250	72,159	14,091
Other Services and Charges	424,840	132,847	291,993
Capital Outlay	321,613	600,227	(278,614)
Debt Service	0	11,224	(11,224)
Total	1,050,340	1,027,350	22,990
City Garage Department			
Personal Services	33,381	30,585	2,796
Supplies	5,155	4,337	818
Other Services and Charges	2,259	2,061	198
Capital Outlay	1,680	2,024	(344)
Total	42,475	39,007	3,468
Animal Control:			
Other Services and Charges	36,400	36,400	0
Total	36,400	36,400	0
Total Public Works	1,129,215	1,102,757	26,458
Culture & Recreation:			
Welfare Department (Senior Citizens Program):			
Supplies	1,000	721	279
Total	1,000	721	279

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
Year Ended September 30, 2004

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Parks and Recreation:			
Personal Services	\$ 169,996	\$ 166,426	\$ 3,570
Supplies	41,160	37,837	3,323
Other Services and Charges	61,635	59,247	2,388
Capital Outlay	1,379	1,338	41
Total	<u>274,170</u>	<u>264,848</u>	<u>9,322</u>
Library			
Personal Services	121,940	110,764	11,176
Supplies	7,000	6,309	691
Other Services and Charges	36,299	35,838	461
Capital Outlay	6,000	281	5,719
Total	<u>171,239</u>	<u>153,192</u>	<u>18,047</u>
Museum Department:			
Personal Services	54,868	54,339	529
Supplies	1,375	4,724	(3,349)
Other Services and Charges	16,824	40,769	(23,945)
Capital Outlay	555	7,091	(6,536)
Total	<u>73,622</u>	<u>106,923</u>	<u>(33,301)</u>
Total Culture & Recreation	<u>520,031</u>	<u>525,684</u>	<u>(5,653)</u>
Urban & Economic Development:			
Economic Development:			
Other Services and Charges	<u>45,618</u>	<u>37,830</u>	<u>7,788</u>
Total	<u>45,618</u>	<u>37,830</u>	<u>7,788</u>
TVA Lieu:			
Capital Outlay	<u>210,279</u>	<u>650</u>	<u>209,629</u>
Total	<u>210,279</u>	<u>650</u>	<u>209,629</u>
Total Urban & Economic Development	<u>255,897</u>	<u>38,480</u>	<u>217,417</u>
Total Expenditures	<u>4,550,672</u>	<u>4,197,012</u>	<u>353,660</u>

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
Year Ended September 30, 2004

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ <u>75,664</u>	\$ <u>589,732</u>	\$ <u>514,068</u>
Other Financing Sources (Uses):			
Proceeds from Capital Leases	0	100,021	100,021
Transfers (to) From Other Funds	(160,300)	(188,008)	(27,708)
Lease Payments	<u>157,540</u>	<u>105,298</u>	<u>(52,242)</u>
Total Other Financing Sources (Uses)	<u>(2,760)</u>	<u>17,311</u>	<u>20,071</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	72,904	607,043	534,139
Fund Balance:			
October 1,	<u>2,764,810</u>	<u>2,764,810</u>	<u>0</u>
(Non-GAAP Budgetary Basis) September 30,	\$ <u><u>2,837,714</u></u>	3,371,853	\$ <u><u>534,139</u></u>
Adjustments to GAAP Basis:			
Accrued Revenue		<u>(540)</u>	
Fund Balance (GAAP) September 30,		\$ <u><u>3,371,313</u></u>	

CITY OF AMORY, MISSISSIPPI
COMBINING BALANCE SHEET
SPECIAL REVENUE FUND
September 30, 2004

	BICENTENNIAL FUND	FIRE PROTECTION FUND	UNEMPLOYMENT REVOLVING FUND	POLICE/ NARCOTICS	FUTURE DEVELOPMENTS FUND	HOMELAND SECURITY FUND	CDBG REPAYMENT FUND	K-9 FUND	TOTALS 2004	TOTALS 2003
<u>ASSETS:</u>										
Cash	\$	\$	\$	\$ 2,636	\$	\$ 15,962	\$	\$	\$ 18,598	\$ 2,000
Investments	2,364	465,301	36,041		5,116		13,383		522,205	528,725
Accrued Interest		498	35		5		13		551	381
Notes Receivable							1,223		1,223	1,223
Due From Other Governments						31,628			31,628	0
Total Assets	<u>2,364</u>	<u>465,799</u>	<u>36,076</u>	<u>2,636</u>	<u>5,121</u>	<u>47,590</u>	<u>14,619</u>	<u>0</u>	<u>574,205</u>	<u>532,329</u>
<u>LIABILITIES:</u>										
Accounts Payable		4,848		1,300		15,962			22,110	8,752
Due to Other Funds						31,628			31,628	0
Total Liabilities	<u>0</u>	<u>4,848</u>	<u>0</u>	<u>1,300</u>	<u>0</u>	<u>47,590</u>	<u>0</u>	<u>0</u>	<u>53,738</u>	<u>8,752</u>
<u>FUND BALANCE:</u>										
Unreserved	<u>2,364</u>	<u>460,951</u>	<u>36,076</u>	<u>1,336</u>	<u>5,121</u>	<u>0</u>	<u>14,619</u>	<u>0</u>	<u>520,467</u>	<u>523,577</u>
Total Liabilities and Fund Balance	\$ <u>2,364</u>	\$ <u>465,799</u>	\$ <u>36,076</u>	\$ <u>2,636</u>	\$ <u>5,121</u>	\$ <u>47,590</u>	\$ <u>14,619</u>	\$ <u>0</u>	\$ <u>574,205</u>	\$ <u>532,329</u>

CITY OF AMORY, MISSISSIPPI
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 SPECIAL REVENUE FUND
 Year Ended September 30, 2004

	BICENTENNIAL FUND	FIRE PROTECTION FUND	UNEMPLOYMENT REVOLVING FUND	POLICE/ NARCOTICS	FUTURE DEVELOPMENTS FUND	HOMELAND SECURITY FUND	CDBG REPAYMENT FUND	K-9 FUND	TOTALS 2004	TOTALS 2003
<u>REVENUES:</u>										
Intergovernmental	\$	\$ 29,720	\$	\$	\$	\$ 31,628	\$	\$	\$ 61,348	\$ 42,391
Interest		5,398	426	18	60		159		6,061	14,755
Other				2,618				1,850	4,468	4,329
Total Revenues	0	35,118	426	2,636	60	31,628	159	1,850	71,877	61,475
<u>EXPENDITURES:</u>										
Supplies		14,294				636			14,930	11,388
Other Services and Charges		0							0	48
Capital Outlay		25,915		1,300		30,992			58,207	252,967
Total Expenditures	0	40,209	0	1,300	0	31,628	0	0	73,137	264,403
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(5,091)	426	1,336	60	0	159	1,850	(1,260)	(202,928)
<u>OTHER SOURCES (USES):</u>										
Transfers from (to) Other Funds						0		(1,850)	(1,850)	3,865
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Uses	0	(5,091)	426	1,336	60	0	159	0	(3,110)	(199,063)
Fund Balance - October 1,	2,364	466,042	35,650	0	5,061	0	14,460	0	523,577	722,640
Fund Balance - September 30,	\$ 2,364	\$ 460,951	\$ 36,076	\$ 1,336	\$ 5,121	\$ 0	\$ 14,619	\$ 0	\$ 520,467	\$ 523,577

CITY OF AMORY, MISSISSIPPI
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL NON-MAJOR SPECIAL REVENUE FUNDS
Year Ended September 30, 2004
With Comparative Actual Amounts for Year Ended September 30, 2003

	F.Y.E. 9/30/04			F.Y.E. 9/30/03
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
REVENUES:				
Intergovernmental	\$ 63,320	\$ 61,348	\$ (1,972)	\$ 61,348
Interest	6,051	5,891	(160)	6,650
Other	4,467	4,468	1	4,468
TOTAL REVENUES	73,838	71,707	(2,131)	72,466
EXPENDITURES:				
Supplies	17,730	14,930	2,800	14,930
Other Services and Charges	0	0	0	0
Capital Outlay	70,185	58,207	11,978	58,207
TOTAL EXPENDITURES	87,915	73,137	14,778	73,137
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(14,077)	(1,430)	12,647	(671)
OTHER FINANCING SOURCES (USES):				
Transfers to Other Funds	(1,850)	(1,850)	0	(1,850)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES	(15,927)	(3,280)	12,647	(2,521)
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	722,640	523,577	(199,063)	523,577
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	\$ 706,713	\$ 520,297	\$ (186,416)	\$ 521,056
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		170		(589)
FUND BALANCE (GAAP BASIS) -				
End of Year		\$ 520,467		\$ 520,467

CITY OF AMORY, MISSISSIPPI
COMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUND TYPES
September 30, 2004

	BUSINESS-TYPE ACTIVITIES--			
	PROPRIETARY FUND			TOTAL
	SOLID WASTE MANAGEMENT FUND	ELECTRIC FUND	WATER & SEWER FUND	
<u>ASSETS:</u>				
<u>Current Assets:</u>				
Cash	\$ 16,027	\$ 613,561	\$ 228,904	\$ 858,492
Investments	190,044	1,210,372	2,350,433	3,750,849
Receivables, net	59,963	1,110,430	180,176	1,350,569
Due from Other Funds	59,669	23,169	13,321	96,159
Inventories		143,376	54,502	197,878
Deferred Debits		65	7,712	7,777
Prepaid Expenses		9,350	13,716	23,066
Total Current Assets	325,703	3,110,323	2,848,764	6,284,790
<u>Noncurrent Assets:</u>				
Restricted Assets			2,817	2,817
Due From Home Owner For				-
Conservation Loans		92,709		92,709
Capital Assets:				-
Land		106,483	42,345	148,828
Buildings	112,539	216,109	127,993	456,641
Improvements Other Than Building		10,553,269	7,694,361	18,247,630
Machinery & Equipment	520,933	737,538	572,013	1,830,484
Accumulated Depreciation	(541,479)	(5,556,963)	(4,276,543)	(10,374,985)
Construction Work In Progress		138,356	204,101	342,457
Total Noncurrent Assets	91,993	6,287,501	4,367,087	10,746,581
Total Assets	\$ 417,696	\$ 9,397,824	\$ 7,215,851	\$ 17,031,371

CITY OF AMORY, MISSISSIPPI
COMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUND TYPES
September 30, 2004

	BUSINESS-TYPE ACTIVITIES-- PROPRIETARY FUND			TOTAL
	SOLID WASTE MANAGEMENT FUND	ELECTRIC FUND	WATER & SEWER FUND	
<u>LIABILITIES</u>				
<u>Current Liabilities:</u>				
Accounts Payable and				
Accrued Expenses	\$ 39,984	\$ 951,478	\$ 34,258	1,025,720
Due to Other Funds		58,899	29,976	88,875
Bonds, Notes, and Loans Payable	30,509		70,239	100,748
Deferred Credits		16,523		16,523
Customer Deposits		313,771	8,074	321,845
Total Current Liabilities	70,493	1,340,671	142,547	1,553,711
<u>Long-Term Liabilities:</u>				
Bonds, Notes, and Loans Payable	31,322	94,557	144,773	270,652
Compensated Absences	2,363	21,476	12,408	36,247
Total Long-Term Liabilities	33,685	116,033	157,181	306,899
Total Liabilities	104,178	1,456,704	299,728	1,860,610
<u>Net Assets</u>				
Invested in Capital Assets, Net of				
Related Debt	30,162	6,194,792	4,149,258	10,374,212
Unrestricted	283,356	1,746,328	2,766,865	4,796,549
Total Net Assets	\$ 313,518	\$ 7,941,120	\$ 6,916,123	15,170,761

CITY OF AMORY, MISSISSIPPI
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	SOLID WASTE MANAGEMENT FUND	ELECTRIC FUND	WATER & SEWER FUND	TOTALS
<u>OPERATING REVENUE:</u>				
Charges For Services	\$ 711,456	\$ 8,772,519	\$ 1,393,559	\$ 10,877,534
Property Taxes	153			153
Total Operating Revenue	<u>711,609</u>	<u>8,772,519</u>	<u>1,393,559</u>	<u>10,877,687</u>
<u>OPERATING EXPENSES:</u>				
Operations	659,310	7,559,582	774,746	8,993,638
Maintenance	14,754	191,278	256,115	462,147
Depreciation	19,938	369,540	196,207	585,685
Taxes		442,046	26,459	468,505
Total Operating Expenses	<u>694,002</u>	<u>8,562,446</u>	<u>1,253,527</u>	<u>10,509,975</u>
Net Operating Income (Loss)	<u>17,607</u>	<u>210,073</u>	<u>140,032</u>	<u>367,712</u>
<u>NON-OPERATING INCOME (EXPENSES):</u>				
Interest Income	2,157	16,836	30,067	49,060
Gain (Loss) on Equipment Sale	2,070			2,070
Miscellaneous Expense	(2,244)		(14,976)	(17,220)
Interest Expense	(54)		(4,934)	(4,988)
Net Non-Operating Income	<u>1,929</u>	<u>16,836</u>	<u>10,157</u>	<u>28,922</u>
Change in Net Assets	<u>19,536</u>	<u>226,909</u>	<u>150,189</u>	<u>396,634</u>
Total Beginning Net Assets, As Previously Stated	293,982	\$ 7,671,270	\$ 6,765,934	\$ 14,731,186
Prior Period Adjustment	<u>0</u>	<u>42,941</u>	<u>0</u>	<u>42,941</u>
Total Beginning Net Assets, Restated	<u>293,982</u>	<u>7,714,211</u>	<u>6,765,934</u>	<u>14,774,127</u>
Total Net Assets--Ending	<u>\$ 313,518</u>	<u>\$ 7,941,120</u>	<u>\$ 6,916,123</u>	<u>\$ 15,170,761</u>

CITY OF AMORY, MISSISSIPPI
COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended September 30, 2004

	BUSINESS-TYPE ACTIVITIES-- PROPRIETARY FUND			TOTALS
	ELECTRIC FUND	WATER & SEWER FUND	SOLID WASTE MANAGEMENT FUND	
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 8,746,600	\$ 1,371,942	\$ 710,139	\$ 10,828,681
Payments to Suppliers	(6,757,139)	(698,772)	(311,322)	(7,767,233)
Payments to Employees	(328,544)	(264,618)	(349,806)	(942,968)
Other Receipts (Payments)	(1,024,614)	(78,828)	153	(1,103,289)
Net Cash Provided (Used) by Operating Activities	636,303	329,724	49,164	1,015,191
Cash Flows from Noncapital Financing Activities:				
Transfers Out			(1,219)	(1,219)
Transfers In				0
Net Cash Provided By (Used In) Noncapital Financing Activities	0	0	(1,219)	(1,219)
Cash Flows from Capital and Related Financing Activities:				
Proceeds From Capital Debt				0
Purchases of Capital Assets	(672,208)	(327,267)		(999,475)
Proceeds From Sale of Capital Assets		28,493	2,070	
Principal Paid on Capital Debt		(68,858)	(29,689)	(98,547)
Interest Paid on Capital Debt		(4,931)	(2,245)	(7,176)
Other Receipts (Payments)	(289)	(14,741)		(15,030)
Net Cash Provided by (Used In) Capital and Related Financing Activities	(672,497)	(387,304)	(29,864)	(1,120,228)
Cash Flows from Investing Activities:				
Interest and Dividends	16,836	31,439	2,157	50,432
Net Cash Provided By (Used In) Investing Activities	16,836	31,439	2,157	50,432
Net Increase (Decrease) in Cash and Cash Equivalents	(19,358)	(26,141)	20,238	(55,824)
Cash and Cash Equivalents--Beginning	1,843,291	2,608,295	185,833	4,637,419
Cash and Cash Equivalents--Ending	\$ 1,823,933	\$ 2,582,154	\$ 206,071	\$ 4,581,595
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 210,073	\$ 140,032	\$ 17,607	\$ 367,712
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	369,540	196,207	19,938	585,685
(Increase) Decrease in Accounts Receivable	(25,919)	(25,450)	(1,316)	(52,685)
(Increase) Decrease in Deferred Credits	26,468			26,468
(Increase) Decrease in Prepaid Items	(1,478)	(2,183)		(3,661)
(Increase) Decrease in Inventory	1,518	(5,398)		(3,880)
(Increase) Decrease in Accounts Payable	51,241	(608)	12,620	63,253
(Increase) Decrease in Accrued Liabilities	(1,509)	23,149	315	21,955
(Increase) Decrease in Customer Deposits	6,369	3,975		10,344
(Increase) Decrease in Deferred Revenue				
Total Adjustments	426,230	189,692	31,557	647,479
Net Cash Provided (Used) by Operating Activities	\$ 636,303	\$ 329,724	\$ 49,164	\$ 1,015,191

CITY OF AMORY, MISSISSIPPI
 COMBINING BALANCE SHEET
 DEBT SERVICE FUNDS
 Year Ended September 30, 2004

	TOTALS	TOTALS
	2004	2003
<u>ASSETS:</u>		
Cash	\$ 11,561	\$ 15,185
Interest Receivable	316	283
Due from Other Governments	3,268	5,700
Investments	<u>357,014</u>	<u>432,905</u>
Total Assets	\$ <u>372,159</u>	\$ <u>454,073</u>
<u>FUND BALANCE:</u>		
Reserved For Debt Service	\$ <u>372,159</u>	\$ <u>454,073</u>
Total Fund Balance	\$ <u>372,159</u>	\$ <u>454,073</u>

CITY OF AMORY, MISSISSIPPI
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
DEBT SERVICE FUNDS
Year Ended September 30, 2004

	PUBLIC IMPROVEMENTS	TOTALS 2004	TOTALS 2003
<u>REVENUE:</u>			
Taxes	\$ 227,825	\$ 227,825	\$ 337,842
Homestead Reimbursement	13,738	13,738	18,001
Interest	3,639	3,639	4,461
Total Revenue	245,202	245,202	360,304
<u>EXPENDITURES:</u>			
Bond Retired	285,000	285,000	1,970,000
Interest Paid	40,087	40,087	86,110
Fiscal Agent Fee	2,028	2,028	1,740
Bond Issue Costs	0	0	43,793
Notes Retired	124,602	124,602	100,816
Interest Paid	67,757	67,757	71,875
Total Expenditures	519,474	519,474	2,274,334
Excess (Deficiency) of Revenue Over (Under) Expenditures	(274,272)	(274,272)	(1,914,030)
<u>OTHER FINANCING SOURCES(USES):</u>			
Proceeds from Issuance of Bonds	0	0	1,815,000
Transfers from Other Funds	192,358	192,358	172,691
Total Other Financing Sources(Uses)	192,358	192,358	1,987,691
Excess (Deficiency) of Revenue Over (Under) Expenditures and Other Sources	(81,914)	(81,914)	73,661
Fund Balance - October 1,	454,073	454,073	380,412
Fund Balance - September 30,	\$ 372,159	\$ 372,159	\$ 454,073

CITY OF AMORY, MISSISSIPPI
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2004
With Comparative Actual Amounts for Year Ended September 30, 2003

	F.Y.E. 9/30/04			F.Y.E. 9/30/03 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES:				
Taxes	226,157	227,825	1,668	337,842
Homestead Reimbursement	13,737	13,738	1	18,001
Interest	3,634	3,606	(28)	4,776
TOTAL REVENUES	243,528	245,169	1,641	360,619
EXPENDITURES:				
Bond Retired	285,000	285,000	0	1,970,000
Interest Paid	40,088	40,087	1	86,110
Miscellaneous	2,653	2,028	625	1,740
Bond Issue Costs	0	0	0	43,793
Notes Retired	124,507	124,602	(95)	100,816
Interest Paid	67,851	67,757	94	71,875
TOTAL EXPENDITURES	520,099	519,474	625	2,274,334
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(276,571)	(274,305)	2,266	(1,913,715)
OTHER FINANCING SOURCES (USES):				
Proceeds from Issuance of Bonds	0	0	0	1,815,000
Transfers from Other Funds	193,979	192,358	(1,621)	172,691
TOTAL OTHER FINANCING SOURCES (USES)	193,979	192,358	(1,621)	1,987,691
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES	(82,592)	(81,947)	645	73,976
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	5,885	454,073	448,188	380,412
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	<u>\$ (76,707)</u>	<u>\$ 372,126</u>	<u>\$ 448,833</u>	<u>\$ 454,388</u>
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		33		(315)
FUND BALANCE (GAAP BASIS) -				
End of Year		<u>\$ 372,159</u>		<u>\$ 454,073</u>

**CITY OF AMORY, MISSISSIPPI
COMBINING BALANCE SHEET
CAPITAL PROJECT FUNDS
September 30, 2004**

	<u>TOTALS</u>		<u>TOTALS</u>	
	2004		2003	
<u>ASSETS:</u>				
Cash on Deposit	\$	0	\$	23,579
Total Assets	\$	<u>0</u>	\$	<u>23,579</u>
<u>LIABILITIES AND FUND BALANCES:</u>				
Liabilities:				
Accounts Payable	\$	0	\$	0
Due to Other Funds		<u>0</u>		<u>0</u>
Total Liabilities		<u>0</u>		<u>0</u>
Fund Balances:				
Reserved For Capital Improvements		<u>0</u>		<u>23,579</u>
Total Liabilities and Fund Balances	\$	<u>0</u>	\$	<u>23,579</u>

CITY OF AMORY, MISSISSIPPI
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES
CAPITAL PROJECT FUNDS
Year Ended September 30, 2004

		TOTALS	TOTALS
	CAPITAL IMPROVEMENTS	2004	2003
<u>REVENUE:</u>			
Interest	\$ 0	\$ 0	\$ 361
Grant Income	<u>2,500</u>	<u>2,500</u>	<u>0</u>
Total Revenue	<u>2,500</u>	<u>2,500</u>	<u>361</u>
<u>EXPENDITURES:</u>			
Capital Improvements	<u>23,579</u>	<u>23,579</u>	<u>544,817</u>
Total Expenditures	<u>23,579</u>	<u>23,579</u>	<u>544,817</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(21,079)</u>	<u>(21,079)</u>	<u>(544,456)</u>
<u>OTHER FINANCING SOURCES:</u>			
Loan Proceeds	0	0	500,000
Transfers From Other Funds	<u>(2,500)</u>	<u>(2,500)</u>	<u>2,500</u>
Total Other Financing Sources (Uses)	<u>(2,500)</u>	<u>(2,500)</u>	<u>502,500</u>
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures	<u>(23,579)</u>	<u>(23,579)</u>	<u>(41,956)</u>
Fund Balance - October 1,	<u>23,579</u>	<u>23,579</u>	<u>65,535</u>
Fund Balance - September 30,	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>23,579</u></u>

CITY OF AMORY, MISSISSIPPI
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2004
With Comparative Actual Amounts for Year Ended September 30, 2003

	F.Y.E. 9/30/04			F.Y.E. 9/30/03
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
REVENUES:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Interest	0	0	0	425
Grant Income	0	2,500	2,500	0
TOTAL REVENUES	0	2,500	2,500	425
EXPENDITURES:				
Capital Outlay	23,579	23,579	0	544,817
TOTAL EXPENDITURES	23,579	23,579	0	544,817
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(23,579)	(21,079)	2,500	(544,392)
OTHER FINANCING SOURCES (USES):				
Loan Proceeds	0	0	0	500,000
Transfers to Other Funds	0	(2,500)	(2,500)	2,500
TOTAL OTHER FINANCING SOURCES (USES)	0	(2,500)	(2,500)	502,500
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	(23,579)	(23,579)	0	(41,892)
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	23,579	23,579	0	65,535
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	\$ 0	\$ 0	\$ 0	\$ 23,643
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		0		(64)
FUND BALANCE (GAAP BASIS) -				
End of Year		\$ 0		\$ 23,579

OTHER SUPPLEMENTAL INFORMATION

CITY OF AMORY, MISSISSIPPI
RECONCILIATION OF ORIGINAL AD VALOREM TAX ROLLS
TO FUND COLLECTIONS
For the Fiscal Year Ended September 30, 2004

	MUNICIPAL	SCHOOL	TOTAL
<u>ASSESSED VALUATION AND MILLAGE:</u>			
Realty	\$ 28,066,574	\$ 33,297,924	
Personal & Public Utility	9,341,672	13,015,445	
Personal Auto	8,260,990	12,233,184	
Less: Exemption for over 65	<u>4,834,148</u>	<u>6,019,665</u>	
Total Municipal at 33.97 Mills	\$ <u>40,835,088</u>		\$ 1,387,168
Total School at 37.36 Mills		\$ <u>52,526,888</u>	1,962,405
<u>COLLECTION ADJUSTMENTS:</u>			
Add: Municipal Homestead Reimbursement			81,002
School Homestead Reimbursement			128,615
Prior Year Tax Collections			31,683
Less: Homestead Exemption			(172,508)
Delinquent Taxes			(17,055)
Changes in Assessed Valuation			(45,776)
Collection Costs by County			<u>(36,883)</u>
TOTAL TO BE ACCOUNTED FOR			\$ <u>3,318,652</u>
<u>COLLECTION CREDITS TO FUNDS:</u>			
	<u>TAXES</u>	<u>HOMESTEAD</u>	<u>TOTAL</u>
Municipal General Fund	\$ 1,110,968	\$ 67,264	\$ 1,178,232
Debt Service	227,825	13,738	241,563
Solid Waste	153	0	153
Disbursed to Schools for:			
School B&I '94 &'87 Issues,			
Minimum Education Program &			
Other than Minimum Fund	<u>1,770,170</u>	<u>128,615</u>	<u>1,898,785</u>
Total	\$ <u>3,109,116</u>	\$ <u>209,617</u>	\$ <u>3,318,733</u>
Balance Represented By:			
Unaccounted For - Undersettled			\$ <u>(81)</u>
TOTAL ACCOUNTED FOR			\$ <u>3,318,652</u>

CITY OF AMORY, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
September 30, 2004

NAME	POSITION	COMPANY	BOND AMOUNT
William Abney	Park & Recreation Director	American States	\$10,000
Howard T. Boozer	Alderman	U S F & G	45,000
Ronnie Bowen	Chief of Police	U S F & G	50,000
Ray Brown	Accountant-Utilities Dept.	U S F & G	10,000
Eva Collins	Dispatcher/Deputy Court Clerk	Brierfield	10,000
Sandra Crook	Deputy City Clerk	U S F & G	10,000
John E. Darden	Alderman	U S F & G	45,000
Jennifer Dawn (Elliott) Wise	Dispatcher/Deputy Court Clerk	Western Surety	10,000
Helen Evans	Secretary-Planning & Zoning	U S F & G	10,000
Curtis E. French	Alderman	U S F & G	45,000
Debbie Harris	Clerk- Utilities Dept.	U S F & G	10,000
Karen Beth (Franks) Hughes	Dispatcher/Deputy Court Clerk	Western Surety	10,000
Timothy Brian Jenkins	Dispatcher/Deputy Court Clerk	Brierfield	10,000
Catherine Ligon	Dispatcher/Deputy Court Clerk	Brierfield Ins. Co	10,000
Amy McCarley	Clerk- Utilities Dept.	U S F & G	10,000
Suzanne C. Mobley	City Clerk	U S F & G	50,000
Suzanne C. Mobley	Tax Collector	U S F & G	50,000
Judy C. Moore	Office Manager-Utilities Dept	U S F & G	10,000
E. Renee' Moore	Payroll Clerk	U S F & G	10,000
Geneva Oswalt	Program Director-Park & Rec.	Brierfield Ins. Co.	10,000
Russell Butler	City Planner/Zoning Administrator	U S F & G	10,000
Martha Reeves	Dispatcher/Deputy Court Clerk	American States	10,000
Dan Rogers	Alderman	U S F & G	45,000
Betty Smith	A/R Clerk – Utilities Dept.	U S F & G	10,000
Wilma J. Smith	Program Coordinator-Park & Rec.	Brierfield Ins. Co.	10,000
Tony Swan	Utilities Manager	U S F & G	10,000
Judy Tyree	Court Clerk	U S F & G	10,000
Molly Walsh	Clerk-Utilities Dept.	U S F & G	10,000
Peggy Wilkerson	Alderman	U S F & G	45,000

CITY OF AMORY, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
For the Fiscal Year Ended September 30, 2004

	INTEREST RATE	BALANCE 10-1-03	DEBT ISSUED	DEBT RETIRED	BALANCE 9-30-04	CURRENT MATURITIES
LONG-TERM DEBT:						
Governmental Funds						
General Obligations:						
Refunding Series 2003	Variable	\$ 1,815,000	\$ 0	\$ (285,000)	\$ 1,530,000	\$ 290,000
Total General Obligation Bonds		1,815,000	0	(285,000)	1,530,000	290,000
Other Long-Term Debt:						
CAP Loan - State of Mississippi	4.00%	326,739	0	(34,256)	292,483	35,415
CAP Loan - State of Mississippi	3.00%	473,199	0	(27,617)	445,582	28,385
CAP Loan - State of Mississippi	3.00%	488,930	0	(27,137)	461,793	27,824
Equipment Lease	3.05%	0	63,326	(10,026)	53,300	15,387
Equipment Lease		0	36,695	(18,742)	17,953	17,953
Equipment Lease		23,441		(23,441)	0	0
Promissory Note	6.65%	565,494	0	(35,591)	529,903	37,376
		1,877,803	100,021	(176,810)	1,801,014	162,340
Total Governmental Funds		3,692,803	100,021	(461,810)	3,331,014	452,340
Proprietary Fund Types Debt						
Other Long-Term Debt:						
Note Payable to TVA	2.00%	283,870	0	(68,857)	215,013	70,239
Promissory Note	2.95%	91,520	0	(29,690)	61,830	30,509
Total Proprietary Fund Type Debt		375,390	0	(98,547)	276,843	100,748
Total Long-Term Debt		\$ 4,068,193	\$ 100,021	\$ (560,357)	\$ 3,607,857	\$ 553,088

CITY OF AMORY, MISSISSIPPI
SCHEDULE OF INVESTMENTS - ALL FUNDS
September 30, 2004

INVESTMENTS	MATURITY DATE	RATE	VALUE
<u>General Fund</u>			
Certificate of Deposit			\$ 20,150
Certificate of Deposit			23,335
Certificate of Deposit	10/08/04	1.430	331,899
Certificate of Deposit	10/08/04	1.390	301,441
Certificate of Deposit	11/05/04	1.270	547,316
Certificate of Deposit	10/08/04	1.430	2,874
Certificate of Deposit	10/08/04	1.390	219,986
Certificate of Deposit	11/05/04	1.270	175,563
Certificate of Deposit	12/09/04	1.470	604,018
Certificate of Deposit	01/07/05	1.670	3,533
Certificate of Deposit	01/07/05	1.670	303,794
Certificate of Deposit	01/07/05	1.670	583,283
			<u>\$ 3,117,192</u>
<u>Special Revenue</u>			
Certificate of Deposit	10/08/04	1.430	42,286
Certificate of Deposit	01/07/05	1.670	423,015
Certificate of Deposit	01/07/05	1.670	36,041
Certificate of Deposit	01/07/05	1.670	5,116
Certificate of Deposit	01/07/05	1.670	13,383
Certificate of Deposit	10/16/87		2,364
			<u>\$ 522,205</u>
<u>Debt Service Fund</u>			
Certificate of Deposit	10/08/04	1.430	\$ 7,782
Certificate of Deposit	11/05/04	1.270	5,746
Certificate of Deposit	01/07/05	1.670	34,986
Certificate of Deposit	11/05/04	1.400	308,500
			<u>\$ 357,014</u>
<u>Enterprise Funds</u>			
Certificate of Deposit	10/08/04	1.430	\$ 10,100
Certificate of Deposit	10/08/04	1.390	42,203
Certificate of Deposit	11/05/04	1.270	25,088
Certificate of Deposit	11/05/04	1.400	32,116
Certificate of Deposit	12/09/04	1.470	80,536
Certificate of Deposit	11/05/04	1.580	621,825
Certificate of Deposit	11/05/04	1.580	187,562
Certificate of Deposit	10/08/04	1.320	867,452
Certificate of Deposit	12/09/04	1.620	86,233
Certificate of Deposit	01/07/05	1.640	579,629
Certificate of Deposit	11/05/04	1.420	760,730
Certificate of Deposit	10/08/04	1.430	212,324
Money Market Accounts			196,607
			<u>\$ 3,702,405</u>

OTHER REPORTS



**FRANKS,
FRANKS &
JARRELL, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

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BRYON WILEMON

SCOTT WILSON

OFFICES LOCATED IN

TUPELO, FULTON & AMORY

MEMBERS OF THE

AICPA & MSCPA

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Mayor and Board of Aldermen
City of Amory
Amory, Mississippi 38821

We have audited the financial statements of the City of Amory, Mississippi as of and for the year ended September 30, 2004, and have issued our report dated February 24, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Amory, Mississippi's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and reportable conditions as finding number #04-1 and #04-2. We also noted certain immaterial instances of noncompliance that we have reported to management of the City of Amory, Mississippi in a separate letter dated February 24, 2005.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Amory, Mississippi's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Amory, Mississippi's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Reportable conditions are described in the accompanying schedule of findings and questioned costs as finding numbers #04-1 and #04-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. Of the reportable conditions described above, we did not consider any to be a material weakness. We also noted other matters involving the internal control over financial reporting, which we have reported to management of the City of Amory, Mississippi in a separate letter dated February 24, 2005.

This report is intended solely for the information and use of management, Mayor, Board of Alderman, Mississippi State Audit Department and other related state agencies and is not intended to be and should not be used by anyone other than these specified parties.

Franks, Franks & Jarrell, P.A.

FRANKS, FRANKS & JARRELL, P.A.
February 24, 2005

CITY OF AMORY, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
September 30, 2004

CURRENT YEAR FINDINGS:

SECTION 2 - FINANCIAL STATEMENT FINDINGS

FINDING NO. 04-01

Criteria: The City is to comply with state purchase laws for applicable purchases over specified dollar amounts and is to accept the lowest quotes, meeting specifications, of those received.

Cause of Condition: The City was not in compliance with state purchase laws for three purchases because quotes or bids were received as thirty-day bids; however, the items were purchased several times during the next several months.

Recommendation: The City should only make purchases based on bids or quotes for the period of time specified in the bid or quote. The City should obtain new bids or quotes for additional items purchased after the original bid or quote has expired.

Response: The City will take necessary steps to ensure future compliance with state purchase laws. The City is now taking six month bids on these purchases.

FINDING NO. 04-02

Criteria: The City is to maintain adequate internal controls to ensure accurate processing and accounting of transactions for the fair presentation of its financial records.

Cause of Condition: The City's system for accounting for the transactions of the City related to court fines and assessments should continue to be improved and controls strengthened. The City currently has a large balance of uncollected court fines on the court accounting systems. During our procedures, we noted an instance of an unaccounted for ticket book that contain pre-numbered uniform traffic tickets. There is a possibility that the misplaced ticket book may contain issued citations that have not been entered into the City's records. Furthermore, the City does not currently have one complete system for accounting for outstanding court fines and collections.

Recommendation: The City should take necessary steps to continue to improve the system for accounting for court fines and collections. The City should ensure that one complete system is maintained with all fines and collections posted. The City should ensure all efforts are made to collect the large amount of outstanding court fines. The City should attempt to strengthen controls for accountability for the pre-numbered ticket books.

Response: The City will implement adequate internal controls over the processing of court fines and assessments of the City. The City will ensure compliance with internal controls and state laws.

- * Findings 04-01, 04-02, and 04-03 are considered Reportable Conditions..
- * Findings 04-01, 04-02, and 04-03 are considered noncompliance findings.
- * Findings 04-02 and 04-03 were also findings in the prior year.

CITY OF AMORY, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
September 30, 2004

FINDING NO. 04-03

Criteria: The City is required, by state statutes, to prepare a budget for all funds of the City and to monitor and modify the budget as necessary to ensure that all expenditures are within the budgeted amounts.

Cause of Condition: The City had a budget overage in an expenditure category related to the Museum for the year ended September 30, 2004.

Recommendation: The City should ensure that all expenditures are within the final amended budget amounts.

Response: The City receives budget request from the Museum department separately. The Museum was the only department with a budget overage. The Museum department did have a grant budget related to grant income received thru Create. When the budget request was presented to the City by the Museum department, items related to the grant where not shown in the budget request for revenues or expenses. The items related to the grant income and expenses were netted against one another in the budget.

- * Findings 04-01, 04-02, and 04-03 are considered Reportable Conditions..
- * Findings 04-01, 04-02, and 04-03 are considered noncompliance findings.
- * Findings 04-02 and 04-03 were also findings in the prior year.